

MAR 31 1997

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY Kathy

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In the Matter of the Merger of:)
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AMERICAN MEDICAL SECURITY)
INSURANCE COMPANY (NAIC No. 81400),)
)
Insurer,)
)
into)
)
UNITED WISCONSIN LIFE INSURANCE)
COMPANY (NAIC No. 97179),)
)
Petitioner.)
)

Docket No. 97A-035-INS

ORDER

On March 28, 1997, the Office of Administrative Hearings, through Administrative Law Judge Lewis D. Kowal, submitted "Recommended Decision of Administrative Law Judge" ("Recommended Decision"), a copy of which is attached and incorporated by this reference. The Director of the Arizona Department of Insurance has reviewed the Recommended Decision and enters the following order:

1. The recommended findings of fact and conclusions of law are adopted.
2. The Plan and Agreement of Merger between the Insurer and the Petitioner is approved.
3. The Petitioner may file its Articles of Merger with the Arizona Corporation Commission.

1 4. The statutory deposit of the Insurer in the amount of \$1,550,000.00 will be
2 refunded to the Insurer upon receipt by the Department of Insurance of the following: (1) payment of
3 \$580.64 to the Insurance Examiners' Revolving Fund ("IERF"); (2) copies of the Articles of Merger of
4 the Insurer and the Petitioner certified as filed by the Arizona Corporation Commission; and (3) fully
5 executed Form E126 (Notice of Trust Deposit Release).

6 5. The sum of \$100.00 previously credited to the IERF will be refunded to the
7 Petitioner pursuant to A.R.S. § 20-159.

8 6. The Insurer is granted an exemption pursuant to A.R.S. § 20-481.17 from the
9 filing of a "Form B" registration statement.

10 7. The Insurer will file a 1996 Annual Statement with the Department, together with
11 all applicable fees.

12 8. The Insurer will pay its Certificate of Authority renewal fee unless the Department
13 receives written proof that the Articles of Merger have been filed with the Arizona Corporation
14 Commission on or before March 31, 1997.

15 9. The Insurer will file its 1997 Annual Statement with the Department, together with
16 all applicable fees, unless Insurer files its Articles of Merger with the Arizona Corporation Commission
17 on or before December 31, 1997.

18 NOTIFICATION OF RIGHTS

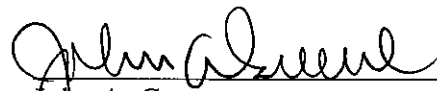
19 The aggrieved party may request a rehearing with respect to this Order by filing a written
20 petition with the Office of Administrative Hearings within 30 days of the date of this Order, setting forth
21 the basis for such relief pursuant to A.A.C. R20-6-114(B).

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1 The final decision of the Director may be appealed to the Superior Court of Maricopa
2 County for judicial review pursuant to A.R.S. § 20-166. A party filing an appeal must notify the Office of
3 Administrative Hearings of the appeal within ten days after filing the complaint commencing the appeal,
4 pursuant to A.R.S. §41-1092.10.

5 DATED this 28 day of March, 1997

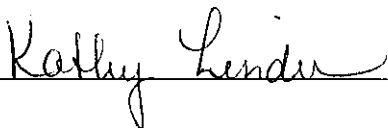
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8 
9 John A. Greene
Director of Insurance

10 A copy of the foregoing mailed
11 this 31st day of March, 1997

12 Charles R. Cohen, Deputy Director
13 Mary Butterfield, Assistant Director
14 Catherine O'Neil, Assistant Director
15 Gary Torticill, Assistant Director
16 Kurt Regner, Examiner
17 Deloris Williamson, Assistant Director
18 Scott Greenberg, Business Administrator
19 Department of Insurance
20 2910 N. 44th Street, Suite 210
21 Phoenix, AZ 85018

22 Office of Administrative Hearings
23 1700 W. Washington, Suite 602
Phoenix, AZ 85007

Steven R. Henry
Low & Childers, P.C.
2999 N. 44th Street, Suite 250
Phoenix, AZ 85018



IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of the Merger of
**AMERICAN MEDICAL SECURITY
INSURANCE COMPANY**
(NAIC No. 81400),

No. 97A-035-INS

Insurer,

**RECOMMENDED DECISION
OF ADMINISTRATIVE
LAW JUDGE**

into

**UNITED WISCONSIN LIFE
INSURANCE COMPANY**
(NAIC No. 97179),

Petitioner.

HEARING: March 27, 1997

APPEARANCES: David Childers, Esq. and Christy Chism, Esq. appeared on behalf of the Petitioner and the Insurer, and Kurt Regner appeared on behalf of the Arizona Department of Insurance.

ADMINISTRATIVE LAW JUDGE: Lewis D. Kowal

Based upon the record of this matter, the following Findings of Fact, Conclusions of Law and Recommended Order are made:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Insurer is an Arizona domiciled insurance company authorized to transact life and disability insurance in the State of Arizona.
2. Petitioner is a Wisconsin domiciled insurance company admitted to transact life and disability insurance in the State of Arizona.

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| <p>Office of Administrative Hearings 1700 West Washington, Suite 602 Phoenix, Arizona 85007 (602) 542-9826</p> |
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1 3. Both the Insurer and the Petitioner have waived the notice requirement of
2 A.R.S. §20-731(C). The sole shareholder of the Insurer and the Petitioner have waived
3 notice of the hearing. The Waivers of Notice were post-hearing submissions which was
4 admitted into evidence as Exhibit 17 without objection by the Arizona Department of
5 Insurance (the "Department").

6 4. No evidence has been produced at the hearing of this matter that would
7 indicate or form the basis for a finding that the Plan and Agreement of Merger
8 previously filed:

- 9 a) Is contrary to law.
- 10 b) Is unfair in the terms and conditions of the issuance and exchange of
11 securities.
- 12 c) Would substantially reduce the security of and service to be rendered to
13 policyholders of the domestic insurer in this State or elsewhere.

14 5. The Insurer has surrendered its Certificate of Authority to the Arizona
15 Department of Insurance (the "Department").

16 6. Based upon the Department's review of Petitioner's filing which indicated
17 that the Petitioner has complied with the provisions of A.R.S. §20-731, the Department
18 recommended that the Director of the Department approve the Plan and Agreement of
19 Merger filed in this matter.

20 7. The Insurer has requested that its \$1,550,000.00 statutory deposit and
21 \$100.00 deposit to the Insurance Examiner's Fund ("IERF") be returned to Insurer.

22 8. Insurer currently owes the sum of \$580.64 to the IERF.

23 9. Insurer requested that the Department waive the filing of a "Form B"
24 registration statement. The Department did not object to that request.

25 **RECOMMENDED ORDER**

26 The undersigned Administrative Law Judge recommends that:

- 27 1. The Plan and Agreement of Merger between the Insurer and the
28 Petitioner be approved.

1 2. The Petitioner may file its Articles of Merger with the Arizona Corporation
2 Commission.

3 3. The statutory deposit of the Insurer in the amount of \$1,550,000.00 shall
4 be refunded to Insurer upon receipt by the Department of Insurance of the following:
5 (1) payment of \$580.64 to the IERF; (2) copies of the Articles of Merger of the Insurer
6 and the Petitioner certified as filed by the Arizona Corporation Commission; and (3) fully
7 executed Form E126 (Notice of Trust Deposit Release).

8 4. The sum of \$100.00 previously credited to the IERF be refunded to the
9 Petitioner pursuant to A.R.S. §20-159.

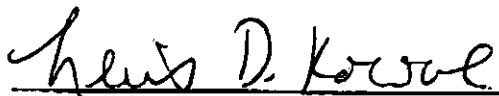
10 5. The Insurer is granted an exemption pursuant to A.R.S. 20-481.17 from
11 the filing of a "Form B" registration statement.

12 6. The Insurer shall file a 1996 Annual Statement with the Department,
13 together with all applicable fees.

14 7. The Insurer shall pay its Certificate of Authority renewal fee unless the
15 Department receives written proof that the Articles of Merger has been filed with the
16 Arizona Corporation Commission on or before March 31, 1997.

17 8. The Insurer shall file its 1997 Annual Statement with the Department,
18 together with all applicable fees, unless Insurer files its Articles of Merger with the
19 Arizona Corporation Commission on or before December 31, 1997.

20 Done this day, March 28, 1997.

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25 LEWIS D. KOWAL
26 Administrative Law Judge
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Original transmitted by mail this
28 day of March, 1997, to:

John Greene, Director
ATTN: Curvey Burton
Department of Insurance
2910 North 44th Street, #210
Phoenix, AZ 85018-7256

By Chris Crawford Thomas