

JUL 17 1997

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY ED

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4 In the Matter of the Acquisition of Control of:)
5 ASSOCIATED HEALTH PLANS, INC.)
6 (NAIC No. 47082),)
7 Insurer,)
8 by)
9 UNITED DENTAL CARE, INC.,)
10 Petitioner.)

Docket No. 97A-081-INS

ORDER

11
12 On July 1, 1997, the Office of Administrative Hearings, through Administrative Law
13 Judge Lewis D. Kowal, submitted "Recommended Decision of Administrative Law Judge"
14 ("Recommended Decision"), a copy of which is attached and incorporated by this reference. The
15 Director of the Arizona Department of Insurance has reviewed the Recommended Decision and enters
16 the following order:

- 17 1. The recommended findings of fact and conclusions of law are adopted.
- 18 2. The acquisition of control of the Insurer by the Petitioner is approved subject to
19 the express conditions as follows:
- 20 a. If the completed fingerprint cards furnished to the Department reveal that any of
21 Petitioner's officers or directors have been charged with or convicted of a felony or misdemeanor other
22 than minor traffic violations, the individual(s) will be removed as an officer and/or director of the
23

1 Petitioner within 30 days after notice to Petitioner by the Department and will be replaced with an officer
2 or director acceptable to the Director. If Petitioner fails to take the prescribed action within 30 days, this
3 failure will constitute an immediate danger to the public and the Director immediately may suspend or
4 revoke Insurer's certificate of authority without further proceedings.

5 b. The failure to adhere to one or more of the above terms and conditions will result
6 without further proceedings in the suspension or the revocation of the Insurer's certificate of authority.

7 3. All information, documents, and copies relating to the Insurer and Petitioner
8 obtained by or disclosed to the Director, or any other person in the course of a filing, an examination or
9 investigation made pursuant to A.R.S. §§ 20-481.03 and 20-481.20, will not be given confidential
10 treatment, will be subject to subpoena and will be made public documents, subject to inspection,
11 examination or copying by any person.

12 4. The Petitioner will advise the Director in writing of the effective date of the change
13 of control.

14 5. Until further notice from the Department, the Insurer will file quarterly financial
15 statements following the effective date of the acquisition.

16 6. Upon consummation of this acquisition, the Insurer will file its registration
17 statement in the form prescribed by A.R.S. § 20-481.10 and within the time period prescribed by A.R.S.
18 § 20-481.09 or § 20-481.13. If the registration statement would duplicate the information previously
19 submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. § 20-481.03
20 and there have been no material changes since the filing of that statement, then the insurer will submit a
21 statement to that effect incorporating by reference the statement previously filed with the Department in
22 lieu of the registration statement.

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1 NOTIFICATION OF RIGHTS

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

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

9 DATED this 16 day of July, 1997

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12 John A. Greene
13 Director of Insurance

14
15 A copy of the foregoing mailed
this 17th day of July, 1997

16 Charles R. Cohen, Deputy Director
17 Mary Butterfield, Assistant Director
18 Catherine O'Neil, Assistant Director
19 Gary Torticill, Assistant Director
20 Deloris Williamson, Assistant Director
21 Scott Greenberg, Business Administrator
22 Arizona Department of Insurance
23 2910 N. 44th Street, Suite 210
Phoenix, AZ 85018

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

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Mark E. Pape
United Dental Care, Inc.
14755 Preston Road, Suite 300
Dallas, TX 75230

Esther Davis

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IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of the Acquisition of Control of 97A-081-INS

ASSOCIATED HEALTH PLANS, INC.
(NAIC No. 47082),

Insurer,

By

UNITED DENTAL CARE, INC.,

Petitioner.

**RECOMMENDED DECISION
OF ADMINISTRATIVE
LAW JUDGE**

HEARING: June 27, 1997

APPEARANCES: Philip T. Paris, Esq. on behalf of the Petitioner and Kurt
Regner on behalf of the Arizona Department of Insurance

ADMINISTRATIVE LAW JUDGE: Lewis D. Kowal

On June 27, a hearing took place to consider the application for the acquisition of control of Associated Health Plans, Inc. (the "Insurer"), filed by United Dental Care, Inc., (the "Petitioner"), with the Arizona Department of Insurance (the "Department"), and for approval of Petitioner as the controlling person of the Insurer pursuant to the provisions of A.R.S. §§20-481 through 20-481.23, and A.A.C. R20-6-1402.

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

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.02.
2. The Petitioner has filed a statement as referred to in A.R.S. §§20-481.02 and 20-481.03, in the form required by A.A.C. R20-6-1402.
3. The Insurer waived the ten (10) day advance notice to be given as required by A.R.S. §20-481.07. The Insurer's security holders received notice of the hearing from the Insurer as required by A.R.S. §20-481.07.

Office of Administrative Hearings
1700 West Washington, Suite 602
Phoenix, Arizona 85007
(602) 542-9826

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4. No evidence has been produced at the hearing that would indicate or form the basis for a finding that the Petitioner's acquisition of control of the Insurer:
- a. Is contrary to law;
 - b. Is inequitable to the shareholders of any domestic insurer involved;
 - c. Would substantially reduce the security of and service to be rendered to the policyholders of the Insurer in this State or elsewhere;
 - d. After the change of control the Insurer would not be able to satisfy the requirements for the reissuance of a certificate of authority to write the line or lines of insurance for which it is presently licensed;
 - e. The effect of the acquisition of control would be to substantially lessen competition in insurance in this state or tend to create a monopoly;
 - f. The financial condition of any acquiring party might jeopardize the financial stability of the Insurer or prejudice the interest of its policyholders;
 - g. The plans or proposals that the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the Insurer and are not in the public interest;
 - h. The competence, experience and integrity of those persons who would control the operation of the Insurer are such that it would not be in the public interest of policyholders of the Insurer and of the public to permit the merger or other acquisition of control; or
 - i. The acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

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5. The Petitioner has furnished completed fingerprint cards to the Department to enable the Department to determine if any of Petitioner's officers or directors have been charged with or convicted of a felony or misdemeanor other than minor traffic violations. The Petitioner has made representations to the Department that none of its officers or directors have been charged with or convicted of a felony or misdemeanor other than minor traffic violations.

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6. The interests of policyholders, shareholders or the public will be served by the publication of all information, documents and copies, relating to the Insurer and Petitioner, and obtained by or disclosed to the Director, or any other person in the

1 course of a filing, an examination, or investigation made pursuant to A.R.S. §§20-
2 481.03, 20-481.10 and 20-481.20.

3 7. Based upon its review of the Petitioner's Form A filing, the Department
4 represented its belief that the Petitioner's Form A filing is complete and in compliance
5 with Arizona law and recommended approval of this acquisition.

6 **RECOMMENDED ORDER**

7 The undersigned Administrative Law Judge recommends that:

8 1. The acquisition of control of the Insurer by the Petitioner be approved
9 subject to the express conditions as follows:

10 a. If the completed fingerprint cards furnished to the Department reveal that
11 any of Petitioner's officers or directors have been charged with or convicted of a felony
12 or misdemeanor other than minor traffic violations, the individual(s) shall be removed
13 as an officer and/or director of the Petitioner within 30 days after notice to Petitioner by
14 the Department and shall be replaced with an officer or director acceptable to the
15 Director. If Petitioner fails to take the prescribed action within 30 days, this failure will
16 constitute an immediate danger to the public and the Director immediately may
17 suspend or revoke Insurer's certificate of authority without further proceedings.

18 b. The failure to adhere to one or more of the above terms and conditions
19 shall result without further proceedings in the suspension or the revocation of the
20 Insurer's certificate of authority.

21 2. All information, documents, and copies relating to the Insurer and
22 Petitioner obtained by or disclosed to the Director, or any other person in the course of
23 a filing, an examination or investigation made pursuant to A.R.S. §§20-481.03 and 20-
24 481.20, not be given confidential treatment, be subject to subpoena and shall be made
25 public documents, subject to inspection, examination or copying by any person.

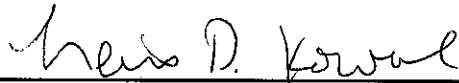
26 3. The Petitioner shall advise the Director in writing of the effective date of
27 the change of control.

28 4. Until further notice from the Department, the Insurer shall file quarterly
29 financial statements following the effective date of the acquisition.

30 5. Upon consummation of this acquisition, the Insurer shall file its
registration statement in the form prescribed by A.R.S. §20-481.10 and within the time
period prescribed by A.R.S. §20-481.09 or §20-481.13. If the registration statement
would duplicate the information previously submitted by the Petitioner in the statement

1 filed with the Department pursuant to A.R.S. §20-481.03 and there have been no
2 material changes since the filing of that statement, then the Insurer shall submit a
3 statement to that effect incorporating by reference the statement previously filed with
4 the Department in lieu of the registration statement.

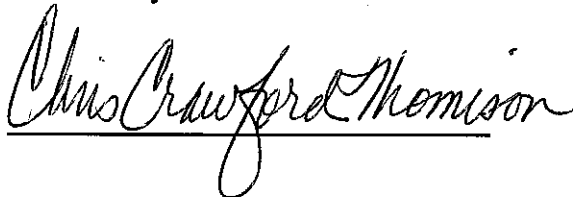
5 Done this day, July 1, 1997.

6 
7 _____
8 Lewis D. Kowal
9 Administrative Law Judge

10 Original transmitted by mail this
11 1 day of July, 1997, to:

12 Mr. John A. Greene, Director
13 Department of Insurance
14 2910 North 44th Street, #210
15 Phoenix, AZ 85018-7256

16 ATTN: Curvey Burton

17 By 
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