

OCT 30 1997

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE  
BY ED

In the Matter of the Acquisition of Control of:	)	Docket No. 97A-173-INS
	)	
SECURITY FIRST LIFE INSURANCE	)	
COMPANY OF ARIZONA	)	<b>ORDER</b>
(NAIC No. 89010),	)	
	)	
Insurer,	)	
	)	
by	)	
	)	
METROPOLITAN LIFE INSURANCE	)	
COMPANY	)	
	)	
Petitioner.	)	
	)	

On October 29, 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 acquisition of control of the Insurer by the Petitioner is approved subject to the express conditions as follows:
  - a. If the completed fingerprint cards furnished to the Department reveal that any of Petitioner's officers or directors have been charged with or convicted of a felony or misdemeanor other than minor traffic violations, the individual(s) will be removed as an officer and/or director of the

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

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

7 3. Except as provided below, all information, documents, and copies relating to the  
8 Insurer and Petitioner obtained by or disclosed to the Director, or any other person in the course of a  
9 filing, an examination or investigation made pursuant to A.R.S. §§ 20-481.03 and 20-481.20, will not be  
10 given confidential treatment, will be subject to subpoena and will be made public documents, subject to  
11 inspection, 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. The failure to adhere to one or more of the above terms and conditions will result  
17 without further proceedings in the suspension or the revocation of the Insurer's certificate of authority.

18 7. The fingerprint cards, biographical affidavits and Disclosure Schedule as set forth  
19 in paragraph 6 of the recommended findings of fact and conclusions of law will remain confidential  
20 pursuant to A.R.S. § 20-481.21.

21 8. Upon consummation of this acquisition, the Insurer will file its registration  
22 statement in the form prescribed by A.R.S. § 20-481.10 and within the time period prescribed by A.R.S.  
23


1 § 20-481.09 or § 20-481.13. If the registration statement would duplicate the information previously  
2 submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. § 20-481.03  
3 and there have been no material changes since the filing of that statement, then the Insurer will submit a  
4 statement to that effect incorporating by reference the statement previously filed with the Department in  
5 lieu of the registration statement.

6  
7 NOTIFICATION OF RIGHTS

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

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

15 DATED this 29 day of October, 1997

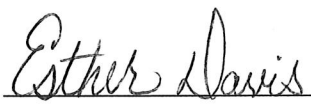
16  
17  
18   
19 John A. Greene  
20 Director of Insurance  
21  
22  
23

1 A copy of the foregoing mailed  
this 30th day of October, 1997

2 Charles R. Cohen, Deputy Director  
3 Gregory Y. Harris, Executive Assistant Director  
Mary Butterfield, Assistant Director  
4 Catherine O'Neil, Assistant Director  
Gary Torticill, Assistant Director  
5 Deloris Williamson, Assistant Director  
Scott Greenberg, Business Administrator  
6 Arizona Department of Insurance  
2910 N. 44th Street, Suite 210  
7 Phoenix, AZ 85018

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

10 Steven R. Henry  
Low & Childers, P.C.  
11 2999 N. 44th Street, Suite 250  
Phoenix, AZ 85018

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1 **IN THE OFFICE OF ADMINISTRATIVE HEARINGS**

2  
3 In the Matter of the Acquisition  
of Control of

97A-173-INS

4 **SECURITY FIRST LIFE INSURANCE**  
5 **COMPANY OF AMERICA (NAIC No.**  
6 **89010),**

7 Insurer,

**RECOMMENDED DECISION**  
**OF ADMINISTRATIVE**  
**LAW JUDGE**

8 by

9 **METROPOLITAN LIFE INSURANCE**  
10 **COMPANY,**

11 Petitioner.

12  
13  
14 **HEARING:** October 28, 1997

15 **APPEARANCES:** Steven R. Henry, Esq. on behalf of the Petitioner; Kurt  
16 Regner on behalf of the Arizona Department of Insurance

17 **ADMINISTRATIVE LAW JUDGE:** Lewis D. Kowal

18  
19 On October 28, 1997, a hearing took place to consider the application for the  
20 acquisition of control of Security First Life Insurance Company of Arizona (the  
21 "Insurer"), filed by Metropolitan Life Insurance Company (the "Petitioner"), with the  
22 Arizona Department of Insurance (the "Department"), and for approval of Petitioner as  
23 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.

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

26 **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

- 27 1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.02.  
28 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.  
29 3. The Insurer and its security holders waived the ten (10) day advance  
30 notice to be given as required by A.R.S. §20-481.07.

1           4.       No evidence has been produced at the hearing that would indicate or form  
2 the basis for a finding that the Petitioner's acquisition of control of the Insurer:

3           a.       Is contrary to law;

4           b.       Is inequitable to the shareholders of any domestic insurer involved;

5           c.       Would substantially reduce the security of and service to be rendered to  
6 the policyholders of the Insurer in this State or elsewhere;

7           d.       After the change of control, the Insurer would not be able to satisfy the  
8 requirements for the reissuance of a certificate of authority to write the line or lines of  
9 insurance for which it is presently licensed;

10          e.       The effect of the acquisition of control would be to substantially lessen  
11 competition in insurance in this state or tend to create a monopoly;

12          f.       The financial condition of any acquiring party might jeopardize the  
13 financial stability of the Insurer or prejudice the interest of its policyholders;

14          g.       The plans or proposals that the acquiring party has to liquidate the  
15 insurer, sell its assets or consolidate or merge it with any person, or to make any other  
16 material change in its business or corporate structure or management, are unfair and  
17 unreasonable to policyholders of the Insurer and are not in the public interest;

18          h.       The competence, experience and integrity of those persons who would  
19 control the operation of the Insurer are such that it would not be in the public interest of  
20 policyholders of the Insurer and of the public to permit the merger or other acquisition of  
21 control; or

22          i.       The acquisition is likely to be hazardous or prejudicial to the insurance-  
23 buying public.

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

30           6.       The Petitioner requested that the fingerprint cards and biographical  
affidavits (Exhibit E) and the August 13, 1997, Disclosure Schedule which London  
Insurance Group Inc. directed to the Petitioner (Exhibit F) which was submitted to the  
Department remain confidential. The Department had no objection to Petitioner's  
request for confidentiality of those records.

1           7.       Except as provided above, the interests of policyholders, shareholders or  
 2 the public will be served by the publication of all information, documents and copies,  
 3 relating to the Insurer and Petitioner, and obtained by or disclosed to the Director, or  
 4 any other person in the course of a filing, an examination, or investigation made  
 pursuant to A.R.S. §§20-481.03, 20-481.10 and 20-481.20.

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

8                                   **RECOMMENDED ORDER**

9           The undersigned Administrative Law Judge recommends that:

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

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

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

21          2.       Except as provided below, all information, documents, and copies relating  
 22 to the Insurer and Petitioner obtained by or disclosed to the Director, or any other  
 23 person in the course of a filing, an examination or investigation made pursuant to  
 24 A.R.S. §§20-481.03 and 20-481.20, not be given confidential treatment, be subject to  
 25 subpoena and shall be made 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 file quarterly financial  
 29 statements following the effective date of the acquisition.

1 5. The failure to adhere to one or more of the above terms and conditions  
 2 shall result without further proceedings in the suspension or the revocation of the  
 3 Insurer's certificate of authority.

4 6. The fingerprint cards, biographical affidavits and Disclosure Schedule as  
 5 set forth above in paragraph 6 remain confidential pursuant to A.R.S. §20-481.21.

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

14 Done this day, October 29, 1997.

15 Lewis D Kowal  
 16 LEWIS D. KOWAL  
 17 Administrative Law Judge

18 Original transmitted by mail this  
 19 29 day of October, 1997, to:

20 Mr. John A. Greene, Director  
 21 Department of Insurance  
 22 ATTN: Curvey Burton  
 23 2910 North 44th Street, #210  
 24 Phoenix, AZ 85018-7256

25 By Chris Crawford Thomson  
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