

DEC 29 1997

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE  
BY ED

In the Matter of the Merger of: )  
 )  
 MERIDIAN LIFE INSURANCE COMPANY )  
 (NAIC No. 93963), )  
 )  
 Insurer, )  
 )  
 into )  
 )  
 PENCO LIFE INSURANCE COMPANY )  
 (NAIC No. 92061), )  
 )  
 Petitioner. )

Docket No. 97A-184-INS

**ORDER**

On December 18, 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 statutory deposit of the Insurer in the amount of \$110,000.00 will be released to Insurer upon receipt by the Department of Insurance of the following: (1) copies of the Articles of Merger of the Insurer and the Petitioner certified as having been filed with the Arizona Corporation

1 Commission; (2) payment of \$372.03 to the Insurance Examiners' Revolving Fund ("IERF") and (3) a  
2 fully executed Form E126 (Notice of Statutory Deposit). The statutory deposit will not be released until  
3 the Department receives a fully executed copy of the official State Treasurer Release Receipt.

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


6 5. The Insurer will file a 1997 Annual Statement with the Department, together with  
7 all applicable fees, unless the Insurer files its Articles of Merger pursuant to A.R.S. § 10-1105 with the  
8 Arizona Corporation Commission on or before December 31, 1997.

9  
10 NOTIFICATION OF RIGHTS

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

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

18 DATED this 26 day of December, 1997

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

1 A copy of the foregoing mailed  
2 this 29th day of December, 1997

3 Charles R. Cohen, Deputy Director  
4 Gregory Y. Harris, Executive Assistant Director  
5 Mary Butterfield, Assistant Director  
6 Catherine O'Neil, Assistant Director  
7 Gary Torticill, Assistant Director  
8 Deloris Williamson, Assistant Director  
9 Scott Greenberg, Business Administrator  
10 Arizona Department of Insurance  
11 2910 N. 44th Street, Suite 210  
12 Phoenix, AZ 85018

13 Office of Administrative Hearings  
14 1700 W. Washington, Suite 602  
15 Phoenix, AZ 85018

16 Thomas E. Haney  
17 101 First Avenue, Suite 2460  
18 Phoenix, AZ 85003

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**IN THE OFFICE OF ADMINISTRATIVE HEARINGS**

In the Matter of the Merger of  
**MERIDIAN LIFE INSURANCE  
COMPANY (NAIC No. 93963),**

Insurer,

into

**PENCO LIFE INSURANCE COMPANY  
(NAIC No. 92061),**

Petitioner.

No. 97A-184-INS

**RECOMMENDED DECISION  
OF ADMINISTRATIVE  
LAW JUDGE**

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**HEARING:** December 11, 1997

**APPEARANCES:** Thomas E. Haney, Esq. for the Petitioner; Kurt Regner for  
the Arizona Department of Insurance

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

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On December 11, 1997, a hearing was held to consider the Plan and Agreement  
of Merger whereby Meridian Life Insurance Company (the "Insurer"), will merge into  
Pennco Life Insurance Company (the "Petitioner").

Based upon the entire record in 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 duly qualified and authorized as a life and disability reinsurer in  
the State of Arizona.

2. Petitioner is duly qualified and authorized as a life and disability reinsurer in  
the State of Arizona.

3. Both the Insurer and the Petitioner have waived the twenty-five (25) day  
notice requirement of A.R.S. §20-731(C).

4. The shareholder(s) of the Insurer and the shareholder(s) of the Petitioner  
have waived notice of the hearing.

5. No evidence has been produced at the hearing of this matter that would  
indicate or form the basis for a finding that the Plan and Agreement of Merger

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

1 previously filed with the Arizona Department of Insurance ("Department"):

2 a. Is contrary to law.

3 b. Is unfair in the terms and conditions of the issuance and exchange of securities.

4 c. Would substantially reduce the security of and service to be rendered to policyholders of the Insurer in this state or elsewhere.

5 6. The Insurer has surrendered its certificate of authority to the Department.

6 7. Special notice to creditors and policyholders of the Petitioner, setting forth the date, place, nature and purpose of the hearing was published and mailed at least ten (10) business days before said hearing, and known creditors received individual notice by mail, as evidenced by the affidavit of publication.

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

8 9. The Petitioner has requested that the \$110,000.00 statutory deposit held by the State Treasurer in the name of the Insurer be transferred into a statutory deposit account in the name of the Petitioner.

9 10. The Insurer currently owes the Insurance Examiners' Revolving Fund ("IERF") the sum of \$372.03.

10 11. The Petitioner requested that the \$100.00 deposit Insurer made to the IERF be refunded.

11 **RECOMMENDED ORDER**

12 The undersigned Administrative Law Judge recommends that:

13 1. The Plan and Agreement of Merger between the Insurer and the Petitioner be approved.

14 2. The statutory deposit of the Insurer in the amount of \$110,000.00 be released top Insurer upon receipt by the Department of Insurance of the following: (1) copies of the Articles of Merger of the Insurer and the Petitioner certified as having been filed with the Arizona Corporation Commission; (2) payment of \$372.03 to the IERF and (3) a fully executed Form E126 (Notice of Statutory Deposit). The statutory deposit not be released until the Department receives a fully executed copy of the official State Treasurer Release Receipt.

15 3. The sum of \$100.00 previously credited to the IERF be refunded to the Insurer pursuant to A.R.S. §20-159.

