

STATE OF ARIZONA

JUN 2 1998

DEPARTMENT OF INSURANCE

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BY Kalt

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In the Matter of the Merger of: )  
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 KEYSTONE HERITAGE LIFE INSURANCE )  
 COMPANY (NAIC No. 89630), )  
 )  
 Insurer, )  
 )  
 into )  
 )  
 FULTON LIFE INSURANCE COMPANY )  
 (NAIC No. 98590), )  
 )  
 Petitioner. )  
 )

Docket No. 98A-056-INS

**ORDER**

On May 29, 1998, the Office of Administrative Hearings, through Administrative Law Judge Casey J. Newcomb submitted Recommended Decision of the 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.

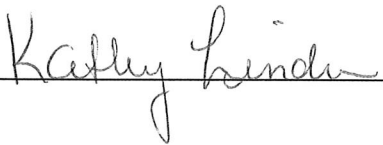


1 A copy of the foregoing mailed  
this 2 day of June, 1998

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 Thomas E. Haney  
101 N. First Avenue, Suite 2460  
11 Phoenix, AZ 85003

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1 4. Notice to all known creditors of the date, time, place and purpose of this hearing was  
2 mailed and/or published in accordance with R20-6-303 of the Arizona Administrative  
3 Code. See Petitioner's Exhibits 4 & 5.

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

6 A. Is contrary to law.

7 B. Is unfair in the terms and conditions of the issuance and exchange of securities.

8 C. Would substantially reduce the security of and service to be rendered to  
9 policyholders of the domestic insurer in this State or elsewhere.

10 6. The Insurer has surrendered its Certificate of Authority to the Arizona Department of  
11 Insurance (the "Department").

12 7. Kurt Regner, a Contractor for the Department, recommended that the Director of the  
13 Department approve the Plan and Agreement of Merger filed in this matter.

14 8. The Insurer has requested that its \$100,000.00 statutory deposit and \$100.00  
15 deposit to the Insurance Examiner's Revolving Fund ("IERF") be returned to Insurer.  
16 Insurer currently owes the sum of \$97.03 for examination expenses.

17  
18 **RECOMMENDED ORDER**

19 The undersigned Administrative Law Judge recommends that:

20  
21 1. The Plan and Agreement of Merger between the Insurer and the Petitioner be  
22 approved.


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

25 3. The statutory deposit of the Insurer in the amount of \$100,000.00 shall be released  
26 to the Insurer upon receipt by the Department of the following: (1) payment of \$97.03  
27 to the IERF; (2) a copy of the Articles of Merger certified as filed by the Arizona  
28 Corporation Commission; and (3) a fully executed Form E126 (Notice of Trust Deposit  
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1 Release). The statutory deposit cannot be released until the Department receives a  
2 fully executed copy of the official State Treasurer Release Receipt.

3 4. The sum of \$100.00 previously credited to the Insurance Examiner's Revolving Fund  
4 shall be refunded to the Insurer, pursuant to A.R.S. §20-159.

5 Done this day, May 29, 1998.

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9 CASEY J. NEWCOMB  
10 Administrative Law Judge

11 Original transmitted by mail this  
12 29 day of May, 1998, to:

13 Mr. John A. Greene, Director  
14 Department of Insurance  
15 ATTN: Curvey Burton  
16 2910 North 44th Street, Ste. 210  
17 Phoenix, AZ 85018

18 By Chris Crawford Thomas  
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