

DEC 9 1998

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

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BY Rath

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In the Matter of the Acquisition of Control of:)
)
JOCAMAR LIFE INSURANCE COMPANY)
(NAIC No. 75574),)
Insurer,)
by)
RESOURCE LIFE INSURANCE COMPANY)
(NAIC No. 61506),)
Petitioner.)
_____)

Docket No. 98A-153-INS

ORDER

On December 1, 1998, the Office of Administrative Hearings, through Administrative Law Judge Lewis D. Kowal, issued a Recommended Decision of Administrative Law Judge ("Recommended Decision"), a copy of which is attached and incorporated by this reference. The Director of the 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 shall be approved

subject to the express conditions as follows:

- a. If the completed fingerprint cards Petitioner furnished to the Department reveal that any of Petitioner's officers or directors have been charged with or convicted of a felony or

1 misdemeanor other than minor traffic violations, the individual(s) shall be removed as an officer and/or
2 director of the Petitioner within 30 days after notice to Petitioner by the Department and shall be
3 replaced with an officer or director acceptable to the Director. If Petitioner fails to take the prescribed
4 action within 30 days, this failure will constitute an immediate danger to the public and the Director
5 immediately may suspend or revoke the Insurer's certificate of authority without further proceedings.

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

11 4. The Petitioner shall advise the Director in writing of the effective date of the
12 change of control.

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

15 6. The fingerprint cards and biographical affidavits Petitioner submitted to the
16 Department shall remain confidential pursuant to A.R.S. § 20-481.21.

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

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

5 NOTIFICATION OF RIGHTS

6 Pursuant to A.R.S. § 41-1092.09, the aggrieved party may request a rehearing with
7 respect to this Order by filing a written motion with the Director of the Department of Insurance within
8 30 days of the date of this Order, setting forth the basis for relief under A.A.C. R20-6-114(B).

9 The final decision of the Director may be appealed to the Superior Court of Maricopa
10 County for judicial review pursuant to A.R.S. §§ 12-904 and 20-166. A party filing an appeal must
11 notify the Office of Administrative Hearings of the appeal within ten days after filing the complaint
12 commencing the appeal, pursuant to A.R.S. § 12-904(B).

13 DATED this 9th of December, 1998

14 

15 _____
16 Charles R. Cohen
17 Director of Insurance

17 A copy of the foregoing mailed
18 this 9 day of December, 1998

19 Sara M. Begley, Deputy Director
20 Mary Butterfield, Assistant Director
21 Catherine O'Neil, Legal Affairs Officer
22 Gary Torticill, Assistant Director
23 Deloris Williamson, Assistant Director
Scott Greenberg, Business Administrator
Kurt Regner, Examiner
Department of Insurance
2910 N. 44th Street, Suite 210
Phoenix, AZ 85018

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

3 Philip T. Paris
2929 North 44th Street, Suite 120
4 Phoenix, AZ 85018

5 William J. Bigley
Resource Life Insurance Company
6 2550 West Golf Road, Suite 600
Rolling Meadows, IL 60008

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1 **IN THE OFFICE OF ADMINISTRATIVE HEARINGS**

2 In the Matter of the Acquisition of
3 Control of

No. 98A-153-INS

4 **JOCAMAR LIFE INSURANCE**
5 **COMPANY (NAIC No. 75574,**

6 Insurer,

RECOMMENDED DECISION
OF ADMINISTRATIVE
LAW JUDGE

7 by

8 **RESOURCE LIFE INSURANCE**
9 **COMPANY (NAIC No. 61506),**

10 Petitioner.

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13 **HEARING:** November 6, 1998. Record reopened on November 18, 1998 and
14 closed on November 25, 1998.

15 **APPEARANCES:** Philip T. Paris, Esq. on behalf of the Petitioner

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

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18 On November 6, 1998, a hearing took place to consider the application for the
19 acquisition of control of Jocamar Life Insurance Company (the "Insurer"), filed by
20 Resource Life Insurance Company (the "Petitioner"), with the Arizona Department of
21 Insurance (the "Department"), and for approval of Petitioner as the controlling person of
22 the Insurer pursuant to the provisions of A.R.S. §§20-481 through 20-481.23, and
23 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
29 and 20-481.03, in the form required by A.A.C. R20-6-1402.
30 3. The Insurer and its security holders waived the ten (10) day advance
notice to be given as required by A.R.S. §20-481.07.

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1700 West Washington, Suite 602
Phoenix, Arizona 85007
(602) 542-9826

1 4. Petitioner and Insurer waived the 30 day notice requirement set forth in
2 A.R.S. §411-1092.05(D).

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

5 a. Is contrary to law;

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

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

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

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

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

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

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

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

26 6. The Petitioner has furnished completed fingerprint cards and biographical
27 affidavits to the Department to enable the Department to determine if any of Petitioner's
28 officers or directors have been charged with or convicted of a felony or misdemeanor
29 other than minor traffic violations.

30 7. The Petitioner requested that the fingerprint cards and biographical
affidavits Petitioner submitted to the Department remain confidential. The Department
had no objection to Petitioner's request for confidentiality of those records.

 8. Except as provided above, the interests of policyholders, shareholders or

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

5 9. 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
11 subject to the express conditions as follows:

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

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, shall not be given confidential treatment, shall be
25 subject to subpoena and be made public documents, subject to inspection, examination
26 or copying by any person.

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

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

5. The fingerprint cards and biographical affidavits Petitioner submitted to
the Department shall remain confidential pursuant to A.R.S. §20-481.21.

6. 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

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

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

10 Done this day, December 1, 1998.

11 

12 Lewis D. Kowal
13 Administrative Law Judge

14 Original transmitted by mail this
15 1 day of December, 1998, to:

16 Mr. Charles R. Cohen, Director
17 Department of Insurance
18 2910 North 44th Street, Ste. 210
19 Phoenix, AZ 85018

20 Attention: Curvey Burton

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22
23 By 
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