

OCT 30 2018

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

FILED

IN THE MATTER OF THE)	FINDINGS OF FACT, CONCLUSIONS
ACQUISITION OF CONTROL OF)	OF LAW, AND ORDER
GOOD SAMARITAN INSURANCE)	
PLAN OF NEBRASKA, LLC)	CAUSE NO.: C-2445
)	

On September 10, 2018, Sanford (“Applicant”) filed an application (“Form A”) seeking approval to acquire control of Good Samaritan Insurance Plan of Nebraska, LLC (“Good Samaritan”), a Nebraska health maintenance organization. The application was filed pursuant to the Insurance Holding Company System Act, Neb. Rev. Stat. §§ 44-2120 to 44-2153 (“Act”). Applicant waived the notice requirements set forth in Neb. Rev. Stat. §§ 44-2120 to 44-2153, including but not limited to the notice provisions of Neb. Rev. Stat. § 44-2127. A Notice of Public Hearing was issued on October 19, 2018.

On October 24, 2018, a public hearing was held at the Nebraska Department of Insurance (“Department”). Director of the Nebraska Department of Insurance, Bruce R. Ramage presided over the hearing. Brandis Bauer, a licensed Notary Public, was present and recorded the hearing. Krystle Ledvina Garcia, Counsel, and Lindsay Crawford, Deputy Chief Examiner, represented the Department.

Applicant was represented by, Chad Jungman. Annette White, General Counsel of Applicant, testified in favor of the acquisition. Exhibits were offered by the Department and received into the record. Applicant provided Good Samaritan with notice of the hearing, and Good Samaritan waived the notice requirement as set forth in Neb. Rev. Stat. § 44-2127(2) in an effort to expedite the review and hearing process. No testimony or documentary evidence was offered in opposition to the proposed acquisition.

On the basis of the filings, correspondence and information provided to the Department, the Director approves the application and finds, concludes, and recommends as follows:

FINDINGS OF FACT

1. On September 10, 2018, the Department received a verified Form A from Applicant for approval to acquire control of Good Samaritan through an Affiliation Agreement. The application was filed pursuant to the Act, specifically Neb. Rev. Stat. § 44-2126. The Affiliation Agreement will result in Applicant becoming a Class A Member of the Evangelical Lutheran Good Samaritan Society with Applicant having the power to appoint the Society's Board of Directors. The Evangelical Lutheran Good Samaritan Society indirectly owns a 55.25% interest of Good Samaritan. As such, the Affiliation Agreement will result in Applicant acquiring control of the Nebraska Domestic health maintenance organization.

2. Good Samaritan is a domestic health maintenance organization organized under and governed by the laws of the State of Nebraska. Good Samaritan obtained its Certificate of Authority to transact the business of a health maintenance organization in this state on April 24, 2017.

3. Applicant is a non-profit corporation organized under the laws of North Dakota for the purposes of operating a health care system which includes several hospitals and clinics. The Evangelical Lutheran Good Samaritan Society owns and operates long term care, assisted living, senior living, rehabilitation, home and community based services and affordable housing operations. Good Samaritan currently offers insurance products to residents of these facilities.

4. Following the transaction, Good Samaritan will be 35% controlled by Vetter Holdings, Inc., 9.75% controlled by Ally Align Investment I, and 55.25% controlled by the Evangelical Lutheran Good Samaritan Society.

5. No changes to the organizational documents of Good Samaritan will be made as a result of the acquisition. Other than in the normal course of business, Applicant has no plans or proposals to cause Good Samaritan to declare an extraordinary dividend, to liquidate Good Samaritan, or to sell its assets to any person or persons. Applicant has no plans to make any material changes to the business or operations of Good Samaritan.

6. Applicant has filed all the documents and information required by law and requested by the Department.

CONCLUSIONS OF LAW

1. The Department and Director have jurisdiction over the subject matter of this proceeding.

2. On the basis of the materials filed, correspondence received and evidence presented at the hearing, the Director concludes as follows:

- a. After the acquisition, Good Samaritan will satisfy the requirements for a Certificate of Authority to conduct business of insurance in the State of Nebraska and write the lines of insurance for which it is presently licensed.
- b. The effect of the acquisition will not substantially lessen the competition in insurance in the State of Nebraska nor tend to create a monopoly therein nor violate the laws of the State of Nebraska.
- c. The financial condition of Applicant is such that it would not jeopardize the financial stability of Good Samaritan or prejudice the interest of the policyholders of Good Samaritan.
- d. Applicant has no plans or proposals to liquidate Good Samaritan, to sell the assets of Good Samaritan without the approval of the Department, to consolidate or merge Good Samaritan with any person or persons

without approval of the Department, or to make any other material change in the business operations or corporate structures or management which would be unfair and unreasonable to policyholders of Good Samaritan and not in the public interest.

- e. The competence, experience and integrity of those persons who would control the operation of Good Samaritan are such that it would be in the interest of the policyholders of Good Samaritan and the public to allow the acquisition.
- f. Applicants are not subject to the provisions of Neb. Rev. Stat. § 44-6115 under the Demutualization Act; and
- g. The acquisition of control is not likely to be hazardous or prejudicial to the public.

ORDER

IT IS THEREFORE ORDERED that the Form A Application be approved subject to the following condition:

Within fifteen (15) days after the end of the month in which the transaction closes, Applicant shall cause to be filed with the Department an Insurance Holding Company System Registration Statement, and any other filings required, in accordance with Neb. Rev. Stat. § 44-2132, et seq.

Dated this 30 day of October, 2018

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



BRUCE RAMGE
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Order was sent to JoAnn Kunkel, 2301 E. 60th St. N., Sioux Falls, South Dakota 57104 and Annette White, 2301 E. 60th St. N., Sioux Falls, South Dakota 57104 by U.S. Mail, postage prepaid, on this 30 day of October, 2018.

Brandis Bauer