

MAR 11 2019

FILED

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

IN THE MATTER OF THE)	FINDINGS OF FACT, CONCLUSIONS
ACQUISITION OF CONTROL OF)	OF LAW, AND ORDER
DELTA DENTAL OF NEBRASKA)	
)	CAUSE NO.: C-2482

On or about December 18, 2018, Stratacor (“Applicant”) filed an application (“Form A”) seeking approval to acquire control of Delta Dental of Nebraska (“Delta Dental”), a Nebraska domestic prepaid limited health service organization. Pursuant to Neb. Rev. Stat. § 44-4711, prepaid limited health service organizations are deemed domestic insurers for purposes of the Insurance Holding Company System Act. 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 February 26, 2019.

On March 5, 2019, 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, Attorney, and Lindsay Crawford, Deputy Chief Financial Examiner, represented the Department.

Applicant was represented by, and presented testimony in favor of the acquisition through, Tamera Robinson, Chief Financial Officer of Applicant. Exhibits were offered by the Department and received into the record. Applicant provided Delta Dental with

notice of the hearing, and Delta Dental 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 December 18, 2018, the Department received a verified Form A from Applicant for approval to acquire control of Delta Dental through a change in the governance structure. The application was filed pursuant to the Act, specifically Neb. Rev. Stat. § 44-2126. Delta Dental's members will vote on revisions to the Articles of Incorporation that effectively make Applicant the sole member of Delta Dental. As such, this will result in Applicant acquiring control of the Nebraska prepaid limited health service organization.

2. Delta Dental is a prepaid limited health service organization organized under and governed by the laws of the State of Nebraska. Delta Dental obtained its Certificate of Authority to transact the business of a prepaid limited health service organization in this state on August 13, 1985.

3. Applicant is a non-profit corporation organized under the laws of Minnesota and is the parent company of Minnesota insurance entities and other entities. Applicant currently provides administrative services to Delta Dental.

4. Following the transaction, Delta Dental will be controlled by its sole member, Stratacor.

5. Delta Dental's Articles of Incorporation will be amended as a result of the acquisition. Other than in the normal course of business, Applicant has no plans or proposals to cause Delta Dental to declare an extraordinary dividend, to liquidate Delta Dental, 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 Delta Dental.

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, Delta Dental 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 Delta Dental or prejudice the interest of the policyholders of Delta Dental.
- d. Applicant has no plans or proposals to liquidate Delta Dental, to sell the assets of Delta Dental without the approval of the Department, to consolidate or merge Delta Dental 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 Delta Dental and not in the public interest.

- e. The competence, experience and integrity of those persons who would control the operation of Delta Dental are such that it would be in the interest of the policyholders of Delta Dental 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 11 day of March, 2019.

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 Stephanie Albert, Stratacor, 500 Washington Avenue South, Suite 2060, Minneapolis, MN 55415 via U.S. Mail, and via email to salbert@stratacor.com on this 11 day of March, 2019.

Brandis Bauer