

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
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STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

IN THE MATTER OF THE PROPOSED)
MERGER OF)
ALASKA NATIONAL INSURANCE COMPANY)
AN ALASKA DOMICILED PROPERTY)
AND CASUALTY INSURER)
WITH AND INTO)
COPPERPOINT INSURANCE COMPANY)
AN ARIZONA DOMICILED PROPERTY AND)
CASUALTY INSURER)
_____)

Case No. H 19-05

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND FINAL ORDER

BACKGROUND

On September 23, 2019, CopperPoint Insurance Company (CPIC), an Arizona domiciled property and casualty insurer, submitted to the State of Alaska, Division of Insurance (“DOI” or “Division”) a Statement Regarding the Acquisition of, or Merger With, requesting approval of a proposed merger between CPIC and Alaska National Insurance Company.

Alaska National Insurance Company (ANIC) is an Alaska domiciled property and casualty insurer organized pursuant to Title 21, Chapter 69 (Organization and Corporate Procedures), of the Alaska Statutes. ANIC is owned by the Alaska National Corporation

1 (ANC). ANC is the 100% direct shareholder of ANIC. ANIC was organized as a corporation
2 on April 30, 1979 per it's Articles of Incorporation. ANIC received a Certificate of Authority
3 from the division effective September 30, 1980, authorizing ANIC to transact the business of a
4 property and casualty insurer.

5 CPIC is an Arizona domiciled property and casualty insurer. Prior to January 1, 2013,
6 CPIC was known as the State Compensation Fund of Arizona, doing business as SCF Arizona.
7 Pursuant to legislation enacted in 2010 to privatize SCF Arizona, CopperPoint was
8 incorporated on October 25, 2011, and was licensed by the Arizona Department of Insurance to
9 transact property and casualty insurance on June 11, 2012. Effective January 1, 2013, all of
10 SCF Arizona's rights and obligations are vested by operation of law in CopperPoint.

11 ANC and CPIC propose to merge ANC with and into CPIC, with ANC surviving and
12 becoming a wholly-owned subsidiary of CPIC. ANC will continue to own 100% of the issued
13 shares of ANIC and ANIC will become an indirect, wholly-owned subsidiary of CPIC. On
14 September 23, 2019, CPIC filed a Form A: Statement Regarding the Acquisition of, or Merger
15 with, a Domestic Insurer with the DOI, requesting approval of the proposed merger. The DOI
16 performed a statutory review of the Form A filing and determined that the filing contained all
17 the information and documentation required to be included therein.

18 Under the authority of AS 21.06.180 and AS 21.22.030, a Notice of Hearing, H 19-05,
19 dated October 21, 2019 was published for the purpose of receiving public comments on the
20 proposed merger of ANIC.
21

22 A hearing on the proposed merger was held on November 14, 2019 at the DOI offices
23 in Anchorage, Alaska. Lori Wing-Heier, Director of the division, conducting the hearing. At
24 the hearing, testimony was provided by Mr. Craig Nodtvedt, Chairman and CEO of Alaska
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1 National Insurance Company and Mr. Marc Schmidtian, President and CEO of CopperPoint
2 Insurance Company; David Phifer, Chief Financial Examiner; Wallace Thomas, Financial
3 Examiner; Joanne Bennett, Insurance Specialist; attended the hearing representing the division.
4 Anna Latham, Deputy Director and Jackson Willard, Regulation Specialist participated in the
5 hearing from the DOI offices in Juneau, Alaska. Dan Wilkerson and Erin Egan, Assistant
6 Attorneys General and assigned counsel to the division, also attended the hearing.
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8 There were no individuals appearing at the hearing in opposition to the proposed merger
9 of ANIC and CPIC.
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11 FINDINGS OF FACT

- 12 1. Alaska National Insurance Company (ANIC) is an Alaska domiciled property and
13 casualty insurer organized pursuant to Title 21, Chapter 69 (Organization and Corporate
14 Procedures), of the Alaska Statutes. ANIC was organized as a corporation on April 30,
15 1979, per it's Articles of Incorporation. ANIC received a Certificate of Authority from
16 the division effective September 30, 1980, authorizing ANIC to transact the business of
17 a property and casualty insurer.
- 18 2. CPIC is an Arizona domiciled property and casualty insurer. Prior to January 1, 2013,
19 CPIC was known as the State Compensation Fund of Arizona, doing business as SCF
20 Arizona. Pursuant to legislation enacted in 2010 to privatize SCF Arizona, CopperPoint
21 was incorporated on October 25, 2011, and was licensed by the Arizona Department of
22 Insurance to transact property and casualty insurance on June 11, 2012. Effective
23 January 1, 2013, all of SCF Arizona's rights and obligations are vested by operation of
24 law in CopperPoint.
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3. ANC and CPIC propose to merge ANC with and into CPIC, with ANC surviving and becoming a wholly-owned subsidiary of CPIC. ANC will continue to own 100% of the issued shares of ANIC and ANIC will become an indirect, wholly-owned subsidiary of CPIC. CP will acquire 100% of the issued and outstanding voting securities of ANC, which owns 100% of the issued and outstanding voting securities of ANIC.
4. CPIC and ANIC had their respective boards vote and approve of the merger on September 13, 2019, and the agreement was executed on September 16, 2019.
5. On September 23, 2019, CPIC filed a Form A Statement Regarding the Acquisition of, or Merger With, a Domestic Insurer with the DOI requesting approval of the proposed merger. The DOI performed a statutory review of the Form A filing and on October 17th, 2019 determined that the filing contained all the information and documentation required to be included therein.
6. The merger plans for ANC to be merged into CPIC, with ANC surviving and becoming a wholly-owned subsidiary of CPIC, headquartered and domiciled in Alaska. ANC will continue to own 100% of the issued shares of ANIC and ANIC will become an indirect, wholly-owned subsidiary of CPIC. ANIC will retain its assets, business operations, and corporate structure. ANIC will retain its name and will continue to operate in its existing locations.
7. Under the authority of AS 21.06.180 and AS 21.22.030, a Notice of Hearing, H 19-05, dated October 21, 2019 was published for the purpose of receiving public comments on the proposed merger of ANIC.
8. A hearing on the proposed merger was held on November 14, 2019 at the DOI offices in Anchorage, Alaska. Lori Wing-Heier, Director of the division, conducting the

1 hearing. At the hearing, testimony was provided by Mr. Craig Nodtvedt, Chairman and
2 CEO of Alaska National Insurance Company and Mr. Marc Schmidtian, President and
3 CEO of CopperPoint Insurance Company; David Phifer, Chief Financial Examiner;
4 Wallace Thomas, Financial Examiner; Joanne Bennett, Insurance Specialist;
5 attended the hearing representing the division. Anna Latham, Deputy Director and
6 Jackson Willard, Regulation Specialist participated in the hearing from the DOI offices
7 in Juneau, Alaska. Dan Wilkerson and Erin Egan, Assistant Attorneys General and
8 assigned counsel to the division, also attended the hearing.
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10 9. There were no individuals appearing at the hearing in opposition to the proposed merger
11 of ANIC and CPIC.

12 10. Mr. Craig Nodtvedt testified in support of the merger, stating that it would benefit not
13 only the employees and shareholder of Alaska National, but Alaskan consumers,
14 businesses, agents, and brokers. He stated that this would ensure that Alaska National
15 remained a financially strong Alaskan domiciled insurer. He testified that the reason
16 Alaska National sought the merger is due to potential leadership changes in the future
17 and the desire to find a partner that matched their values and business practices. He
18 stated that CopperPoint was a uniquely compelling partner because they shared many of
19 the same values and strategic commitments. He stated that CopperPoint is very
20 complementary to Alaska National, so that together they will provide a variety of
21 products and services across the entire western United States.
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23 11. Mr. Marc Schmidtian testified in support of the merger, speaking about the history of
24 CPIC. He stated that CPIC has over \$4 billion in assets, a nearly \$1.6 billion
25 policyholder surplus, and \$410 million in premiums. He spoke of the reasons SCF
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Arizona was privatized; to diversify its assets and to have a more stable business operation that was not subject to the fluctuations of one state. He spoke of CPIC's prior acquisition of the Pacific Compensation Insurance Company and how the process worked to strengthen their company. He spoke of how CPIC was able to expand into six states, and expand their product line to include commercial package, commercial auto, and commercial umbrella capabilities in Arizona. He stated that in 2019 CPIC had completed the process to become a mutual holding company. He stated that CPIC had searched for additional partners in order to grow their business and that the merger with ANIC will help to diversify their business and help them establish a strong presence in the western United States. He stated that the merger will benefit ANIC and Alaskan consumers, that the structure and operations of ANIC will not be significantly changed, and that ANIC will benefit from additional investment and the opportunity to grow through access to markets.

12. The Division has reviewed the Form A Statement Regarding the Acquisition of, or Merger with, a Domestic Insurer and has found after reviewing the information and documentation provided in support of the proposed transaction, that

- (a) after the merger, the surviving entity will continue to satisfy the requirements for a certificate of authority to write the line or lines of authority for which they are presently authorized;
- (b) the merger will not substantially lessen competition in insurance in Alaska or tend to create a monopoly in the state;

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- (c) the financial stability of the surviving entity will not jeopardize the financial stability of the property and casualty insurer or prejudice the interests of its policyholders;
- (d) the surviving entity's plans or proposals are fair and reasonable to the policyholders and are in the public interest;
- (e) there is no evidence that competence, experience, and integrity of the persons who will control the operation of the property and casualty insurer are such that it would be against the interests of policyholders of the property and casualty insurer and the public to allow the merger; and
- (f) there is no evidence the merger would be hazardous or prejudicial to the insurance-buying public

13. The Notice of Hearing was published in this matter 24 days in advance of the hearing. The notice invited any interested person to present at the hearing oral or written statements or arguments relevant to the director's consideration of the proposed merger. The notice also allowed for written statements or arguments to be sent to the division on or before November 24, 2019. The division has received no responses to the Notice of Hearing and has received no communications about any concerns or objections from the public regarding the proposed transaction.

CONCLUSIONS OF LAW

1. CPIC, the acquiring party for the merger, filed the statement required by AS 21.22.010 with the Alaska Division of Insurance. The statement filed under oath by the acquiring party contained all information for proper determination of approval required by AS 21.22.010, AS 21.22.020, and AS 21.22.030.

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2. In reviewing the Form A filing and supporting documentation, the Division has found no basis to disapprove the proposed transaction under AS 21.22.030(a) because:
- (a) after the merger, the surviving entity will continue to satisfy the requirements for a certificate of authority to write the line or lines of authority for which they are presently authorized;
 - (b) the merger will not substantially lessen competition in insurance in Alaska or tend to create a monopoly in the state;
 - (c) the financial stability of the surviving entity will not jeopardize the financial stability of the property and casualty insurer or prejudice the interests of its policyholders;
 - (d) the surviving entity's plans or proposals are fair and reasonable to the policyholders and are in the public interest;
 - (e) there is no evidence that competence, experience, and integrity of the persons who will control the operation of the property and casualty insurer are such that it would be against the interests of policyholders of the property and casualty insurer and the public to allow the merger; and
 - (f) there is no evidence the merger would be hazardous or prejudicial to the insurance-buying public.

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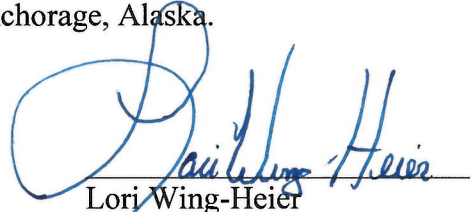
ORDER

IT IS HEREBY ORDERED, pursuant to the provisions of AS 21.22.030(a), that the plan for merger of Alaska National Insurance Company, an Alaska domiciled property and casualty insurer with CopperPoint Insurance Company, an Arizona domiciled property and casualty insurer, is APPROVED as filed, and that the Agreement and Plan for Merger be effectuated.

IT IS FURTHER ORDERED, that Alaska National Insurance Company and CopperPoint Insurance Company shall file with the State of Alaska Division of Insurance a copy of all final documents pertaining to the Agreement and Plan of Merger and any board resolutions or additional approvals regarding the Agreement and Plan of Merger which are necessary to effectuate the merger.

This order is effective November 25, 2019

Dated this 25th day of November, 2019 in Anchorage, Alaska.



Lori Wing-Heier
Director
Division of Insurance