

STATE OF WASHINGTON

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MIKE KREIDLER  
STATE OF WASHINGTON  
**DECLARATION OF MAILING**



FILED

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery of a true copy of this document to parties listed below  
DATED this 18th day of April 2008  
at Tumwater, Washington.

OFFICE OF  
INSURANCE COMMISSIONER

2008 APR 18 A 11:37

HEARINGS UNIT  
Fax: (360) 664-2782

Signed: Wendy Galloway

Hearings Unit, DIC  
Patricia D. Petersen  
Chief Hearing Officer  
Wendy Galloway  
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Patricia D. Petersen  
Chief Hearing Officer  
(360) 725-7105

BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the )  
Proposed Redomestication of: )  
LIFEWISE HEALTH PLAN OF ARIZONA, )  
A subsidiary of Premera Blue Cross, )  
An Authorized Health Care Service Contractor. )  
\_\_\_\_\_ )

Docket No. G07-0299  
ORDER REGARDING  
PROCESS FOR DECISION ON  
REQUEST FOR APPROVAL TO  
REDOMESTICATE TO ARIZONA

TO: Clifford W. Klima, President  
LifeWise Health Plan of Arizona  
Post Office Box 327  
Seattle, Washington 98111-0327

Barbara Allan Shickich, Esquire  
Riddell Williams P.S.  
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Seattle, Washington 98154-1192

COPY TO: Mike Kreidler, Insurance Commissioner  
Vernon Stoner, Chief Deputy Insurance Commissioner  
James T. Odiome, Deputy Commissioner, Company Supervision Div.  
Carol Sureau, Deputy Commissioner, Legal Affairs Division  
Marshall McGinnis, Company Licensing Manager, Company Supervision  
Andrea Philhower, Staff Attorney, Legal Affairs Division  
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**NATURE OF PROCEEDING**

On or about July 30, 2007, LifeWise Health Plan of Arizona (LifeWise) filed an Application for Redomestication and Redomestication Plan with the Insurance Commissioner (OIC). In that Application, LifeWise requested approval from the OIC to transfer its state of domicile from Washington to Arizona. In response, on August 29, 2007, the OIC filed a Notice of Hearing pursuant to RCW 48.07.210(2), requesting that a hearing be held thereon at the earliest possible date acceptable to OIC, LifeWise and the undersigned.

On October 31, 2007, November 30, 2007, December 10, 2007, January 25, 2008, and February 25, 2008, and April 2, 2008, the undersigned held prehearing status conferences in this matter. On each occasion, LifeWise appeared by and through Barbara Allan Shickich, Esq., of Riddell Williams P.S. in Seattle and the OIC appeared pro se by and through Andrea Philhower, Esq., of his Legal Affairs Division. In the first five status conferences, the parties jointly advised the undersigned that they were in the process of settlement negotiations and therefore mutually requested that an additional prehearing status conference be scheduled in approximately one month in each situation in order to allow them to proceed with settlement negotiations.

During the latest prehearing status conference held April 2, 2008, the parties advised the undersigned that their settlement negotiations had resulted in agreement on virtually all issues arising in this request for approval to redomesticate, except for the issue of the process to be followed from this point on. Specifically, LifeWise advised that it believes that if the parties have agreed on, at least substantially, all terms involved in this request for approval, it does not believe that an adjudicative proceeding in the matter is necessary. The OIC advised that it believes that, although the terms involved in this request for approval are at least largely agreed upon, an adjudicative proceeding is still necessary.

RCW 48.07.210(2) provides that *The commissioner shall approve any proposed transfer of domicile unless the commissioner determines after a hearing, pursuant to such notice as the commissioner may require, that the transfer is not in the best interests of the public or the insurer's policyholders in this state.*

As with all Applications for Redomestication, and Redomestication Plans, RCW 48.07.210(2) contemplates that the OIC will hold a hearing, i.e., an adjudicative proceeding, on all applications for redomestication. The OIC may well agree to specific issues involved in the redomestication prior to hearing, but typically – as with applications for approval to acquire control, merge or other activities of carriers where a hearing is contemplated by statute - the OIC takes no position on approval or disapproval of the redomestication. Witnesses for the OIC simply provide testimony as to the issues involved and any terms upon which the parties may have stipulated, leaving the decision on approval or disapproval to the undersigned, which must be reflected, pursuant to Title 34 RCW in written Findings of Facts, Conclusions of Law and Final Order.

Additionally, the adjudicative process allows for the statutory requirement of notice to be provided as required by RCW 48.07.210(2).

Based upon RCW 48.07.210(2) and Title 34 RCW, it is the opinion of the undersigned that, consistent with all normal procedure where approval of a proposed redomestication, acquisition of control or merger is being considered, an adjudicative proceeding in this instant matter is required. It is the intent of the undersigned to honor the agreements of the parties where they have agreed on specific issues and/or terms. However, it is necessary to comply with the notice requirement set forth in RCW 48.07.210(2) in the same manner as is followed in virtually all proceedings involving requests for approval of proposed redomestications, acquisitions or mergers: specifically, notice is given by publishing a Notice of Hearing in this matter on the OIC's website; normally this has been determined to constitute reasonable notice, and evidence of any comments, concerns or objections to the proposed action are received and considered at hearing. This practice has been routinely required and followed by entities desiring such approval as is being sought here and the OIC and LifeWise are expected to comply with the manner in which RCW 48.07.210(2) has been, and is being applied to entities in similar proceedings.

Finally, early in this matter, LifeWise requested an initial decision to be entered by Office of Administrative Hearings (OAH), but later determined that since the only activities in the matter were status conferences rather than conferences involving the merits of the case, the matter should be left for at least this period of time before the undersigned. Should LifeWise wish to have the matter transferred at this time to OAH for an initial decision, the above procedure involving an adjudicative proceeding and notice must still be followed. Following entry of an initial decision by OAH, the matter will be transferred back to the undersigned where the hearing file and initial decision will be reviewed, oral and/or written arguments presented, if required or requested, and Final Findings of Facts, Conclusions of Law and Order on Hearing will be entered. No decision will be effective until Final Order is entered.

### **ORDER**

Based upon the above activity,

**IT IS HEREBY ORDERED** that an adjudicative proceeding in this matter commensurate with that which is required of other entities seeking similar approvals from the OIC, is required. During the course of the proceeding, the undersigned is to give great weight to the agreements of the parties on issues relevant to the approval of this proposed redomestication.

**IT IS FURTHER ORDERED** that the adjudicative proceeding shall be preceded by public notice which is exactly the same as is given in other proceedings wherein requests for approval of proposed redomestications, acquisitions or mergers are considered, typically two weeks publication of the Notice of Hearing on the OIC's website.

ORDER REGARDING REDOMESTICATION PROCESS  
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**IT IS FURTHER ORDERED** that the parties shall be contacted to participate in a seventh prehearing status conference within 10 working days of date of entry of this Order.

**ENTERED** at Tumwater, Washington, this 18<sup>th</sup> day of April, 2008, pursuant to Title 48 RCW, and specifically RCW 48.04 and 48.31B.015, Title 34 RCW, and regulations applicable thereto.



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**PATRICIA D. PETERSEN**  
Chief Hearing Officer