

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of:)	FINDINGS OF FACT,
Sanford and Sanford Health Plan)	CONCLUSIONS OF LAW, AND
Form A Exemption Request)	ORDER GRANTING
Regarding Good Samaritan)	FORM A EXEMPTION
Insurance Plan of North Dakota)	
)	FILE NO. CO-22-855

INTRODUCTION

A request for a Form A exemption in accordance with N.D.C.C. § 26.1-10-03(5)(b) was received by the Department on October 14, 2022. The exemption request is associated with a proposed merger of Sanford Health Plan with Good Samaritan Insurance Plan of North Dakota, Sanford Health Plan being the surviving entity.

FINDINGS OF FACT

1. The North Dakota Insurance Commissioner (“Commissioner”) has jurisdiction over this matter pursuant to N.D.C.C. §§ 26.1-01-03 and 26.1-10-03.
2. By letter dated October 13, 2022, to the North Dakota Insurance Department (“Department”), John Snyder, President of Sanford Health Plan, on behalf of Sanford Health Plan (“SHP”) requested a Form A exemption in accordance with N.D.C.C. § 26.1-10-03(5)(b). The request pertains to a proposed merger of Good Samaritan Insurance Plan of North Dakota (“GSIP-ND”) with and into SHP.
3. Sanford is a North Dakota non-profit corporation.
4. Sanford Health is a South Dakota non-profit corporation, and Sanford Health’s sole corporate member is Sanford.

5. SHP (NAIC# 95683) is a South Dakota non-profit corporation licensed in North Dakota as a Health Maintenance Organization (“HMO”), and SHP’s sole corporate member is Sanford Health.

6. Good Samaritan Insurance Plan, LLC (“GSIP”) is a Delaware limited liability company, and GSIP is currently one hundred percent (100%) owned by SHP.

7. GSIP-ND (NAIC# 16154) is a North Dakota limited liability company licensed in North Dakota as an HMO, and GSIP-ND is currently one hundred percent (100%) owned by GSIP.

8. SHP indirectly owns one hundred percent (100%) of, and controls, GSIP-ND.

9. A merger of GSIP-ND with and into SHP does not have the effect of changing the control of a North Dakota domestic insurer.

CONCLUSIONS OF LAW

10. N.D.C.C. § 26.1-18.1-24 states:

No person may make a tender for or a request or invitation for tenders of, or enter into an agreement to exchange securities for or acquire in the open market or otherwise, any voting security of a health maintenance organization or enter into any other agreement if, after the consummation thereof, that person would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of the health maintenance organization, and no person may enter into an agreement to merge or consolidate with or otherwise to acquire control of a health maintenance organization, unless, at the time any offer, request, or invitation is made or any agreement is entered into, or prior to the acquisition of the securities if no offer or agreement is involved, the person has filed with the commissioner and has sent to the health maintenance organization information required by section 26.1-10-03 and the offer, request, invitation, agreement, or acquisition has been approved by the commissioner. Approval by the commissioner must be governed by section 26.1-10-03.

11. N.D.C.C. § 26.1-10-03(1)(a) states:

1. a. A person other than the issuer may not make a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities for, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after consummation, the person would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of the insurer, and a person may not enter an agreement to merge with or otherwise to acquire control of a domestic insurer or any person controlling a domestic insurer unless, at the time the offer, request, or invitation is made or the agreement is entered into, or prior to the acquisition of the securities if no offer or agreement is involved, the person has filed with the commissioner and has sent to the insurer, a statement containing the information required by this section and the offer, request, invitation, agreement, or acquisition has been approved by the commissioner in the manner prescribed in this chapter.

12. N.D.C.C. § 26.1-10-03(5)(b) states:

5. This section does not apply to:

b. Any offer, request, invitation, agreement, or acquisition which the commissioner by order exempts as not having been made or entered for the purpose and not having the effect of changing or influencing the control of a domestic insurer or as otherwise not comprehended within the purposes of this section.

13. Pursuant to N.D.C.C. § 26.1-18.1-24 an offer to acquire control of GSIP-ND is subject to the Form A requirements of the insurance holding company systems chapter, N.D.C.C. ch. 26.1-10.


14. Because the merger of GSIP-ND into SHP does not have the effect of changing the control of a domestic insurer, SHP is eligible for a Form A exemption pursuant to N.D.C.C. § 26.1-10-03(5)(b).

ORDER

NOW, THEREFORE, based upon the representations of SHP and the above Findings of Fact and Conclusions of Law, it is hereby ordered that:

1. SHP's Form A exemption request regarding the merger of GSIP-ND with and into SHP is hereby **GRANTED** pursuant to N.D.C.C. § 26.1-10-03(5)(b).
2. SHP shall immediately notify the Department of any deviation from the merger or reorganization detailed in the October 13, 2022, letter requesting a Form A exemption.
3. The Commissioner retains jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such further order or orders as may be deemed proper.

DATED this 28th day of October, 2022.



Jon Godfread
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