**STATE OF OREGON**
**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
**DIVISION OF FINANCIAL REGULATION**

BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

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| In the Matter of the Acquisition of Shares<br>Of Advantage Dental Plan, Inc.<br>By Catalyst Institute, Inc. | Order of Exemption<br><br>Case No. INS-FR 19-10-005 |

## INTRODUCTION

By letter dated July 10, 2019, Catalyst Institute, Inc., ("Catalyst") filed a request for exemption from the provisions of Oregon Revised Statutes ("ORS") 732.523 pursuant to ORS 732.521(2) with regard to a proposed transaction ("Proposed Transaction") that will change the direct ownership of Advantage Dental Plan, Inc. ("Advantage") from Advantage Community Holding Company, LLC ("ACHC"), its immediate parent, to Catalyst. Catalyst is presently the ultimate controlling person of Advantage. The Proposed Transaction will result in Advantage being directly and wholly-owned by Catalyst.

Advantage is an Oregon domiciled health care service contractor, restricted to dental service only, authorized under ORS chapter 750 to transact dental services in Oregon since 1995.

## FACTS PROVIDED

Advantage is currently a direct, wholly owned subsidiary of ACHC. All of ACHC's voting securities are owned by DentaQuest Care Group Management, LLC ("DQCGM"), whose sole member is DentaQuest, LLC, whose sole member is DentaQuest Group, Inc., whose sole shareholder is Catalyst. Catalyst is a Massachusetts domiciled not-for-profit corporation, and the ultimate controlling party of Advantage.

Through the Proposed Transaction, Catalyst will acquire 100% of the outstanding stock of Advantage from ACHC for "fair market value".

Catalyst is presently the ultimate controlling person of Advantage. Therefore, the acquisition by Catalyst of Advantage stock will not have the purpose or effect of changing or influencing the management or policies of Advantage, because Catalyst already controls, within the meaning of ORS Chapter 732, DQCGM and its subsidiaries, including ACHC and Advantage.

This Proposed Transaction is related to another transaction described in a Form A filing filed on July 10, 2019 (the "Future Transaction"), in which a third-party, CP Monarch, L.P., has proposed to purchase 40% of the outstanding voting securities of DentaQuest Group, Inc. According to Catalyst, the Proposed Transaction is only intended to occur in the event that the parties to the Future Transaction "have received all of the required regulatory approvals [from other states] for the [Future Transaction] except for approval" of the Department of Consumer and Business Services ("Department"). Under the Future Transaction, absent the completion of the Proposed Transaction, the sale of 40% of the voting securities of DentaQuest Group, Inc. would result in a change of control of Advantage. By moving the direct ownership of Advantage from ACHC to Catalyst through the Proposed Transaction, the consummation of the Future Transaction would not result in a change in control of Advantage because Advantage would no longer be indirectly owned by DentaQuest Group, Inc. Under the terms of the Future Transaction, if approved by the Department, the shares of Advantage would be sold back to ACHC from Catalyst for the same purchase price that Catalyst paid ACHC (the "Saleback"), which would constitute a change in control of Advantage. The Future Transaction is currently under review by the Department.

Catalyst has represented that there will be no proposed change to the current business plan of Advantage as a result of the Proposed Transaction.

## CONCLUSION OF LAW

The Proposed Transaction will not have the effect of changing or influencing the control or ownership of a domestic insurer. The Proposed Transaction thereby meets the requirements for exemption from the provisions of ORS 732.523 pursuant to ORS 732.521(2).

## ORDER

Based on the foregoing facts provided and conclusion of law, it is hereby ordered that the Proposed Transaction, under which Catalyst will acquire all of the outstanding shares of Advantage held by ACHC is exempt from the provisions of ORS 732.523. This exemption is subject to the condition that, (i) if the Department does not approve the Form A for the Future Transaction or (ii) the Department approves the Form A for the Future Transaction but the Saleback is not completed, and the Future Transaction is not closed, within 60 days following such approval, or a period of time to be agreed upon by the Commissioner, then Catalyst shall be required to file a Form A for the Proposed Transaction.

Issued this 8th day of November, 2019.

Andrew Stolfi
Administrator, Division of Financial Regulation
Department of Consumer and Business Services