



January 9, 2012

Jack M. Stover, Esquire
Buchanan Ingersoll & Rooney PC
One South Market Square
213 Market Street, 3rd Floor
Harrisburg, PA 17101-2121

RE: Application of UPE for Approval of the Acquisition
of Control of Highmark, Inc. and its Pennsylvania
Domiciled Insurance Subsidiaries

Dear Mr. Stover:

The Pennsylvania Insurance Department (the "Department") has made a preliminary review of the Form A, Statement Regarding The Acquisition of Control of or Merger With Domestic Insurers (the "Form A") filed by UPE, a Pennsylvania nonprofit corporation (the "Applicant" or "UPE"), on November 7, 2011.

The Form A states that it involves the acquisition of control of or merger with the following domestic insurers: Highmark Inc. (Highmark), a Pennsylvania nonprofit corporation licensed as a health plan corporation; First Priority Life Insurance Company, Inc., a Pennsylvania stock insurance company; Gateway Health Plan, Inc., a Pennsylvania business corporation and licensed health maintenance organization; Highmark Casualty Insurance Company, a Pennsylvania stock insurance company; Highmark Senior Resources Inc., a Pennsylvania stock insurance company; HM Casualty Insurance Company, a Pennsylvania stock insurance company; HM Health Insurance Company, d/b/a Highmark Health Insurance Company, a Pennsylvania stock insurance company; HM Life Insurance Company, a Pennsylvania stock insurance company; HMO of Northeastern Pennsylvania, Inc., d/b/a First Priority Health, a Pennsylvania nonprofit corporation and licensed health maintenance organization; Intercounty Health Plan, Inc., a Pennsylvania nonprofit corporation licensed to operate a professional health services plan; Intercounty Hospitalization Plan, Inc., a Pennsylvania nonprofit corporation licensed to operate a hospital plan; Keystone Health Plan West, Inc., a Pennsylvania business corporation and licensed health maintenance organization; United Concordia Companies, Inc., a Pennsylvania stock insurance company; United Concordia Dental Plans of Pennsylvania, Inc., a Pennsylvania business corporation and licensed risk-assuming PPO; United Concordia Life And Health Insurance Company, a Pennsylvania stock insurance

company (collectively referred to in this PID Information Request as the "Domestic Insurers").

In the Form A, the Applicant requests approval of a transaction (the "Transaction") that involves changes in control of the Domestic Insurers and an affiliation between Highmark and West Penn Allegheny Health System, Inc. ("WPAHS"), as set forth in an Affiliation Agreement (the "Affiliation Agreement", as defined in Section 7 (Definitions)). The Transaction also involves the establishment of the Applicant, UPE, and that UPE becomes the sole corporate member of Highmark and of a new nonprofit subsidiary of UPE, UPE Provider Sub ("UPE Provider Sub"). The Form A states that UPE Provider Sub will become the sole member of WPAHS, which in turn is the parent company of various entities in the WPAHS health system of hospitals and other healthcare providers.

Based upon our preliminary review, the Department and its advisors have compiled the following questions and requests for information (collectively the "PID Information Request"). Your responses to the questions should be as specific as possible, with legal support where appropriate.

Your responses and any related documents will become part of the public file, unless (a) you assert that specific information is confidential; (b) cite specific authority pursuant to which you assert confidentiality; and (c) the Department accepts such assertion. Several of the questions request that you produce "all" third party expert opinions, advices or reviews (collectively "Expert Opinions") concerning certain topics. If you have not already obtained one or more Expert Opinions responsive to the question, please do so and file the Expert Opinion(s) with the Department.

When preparing your response, please reference the item number in this PID Information Request to which you are responding. If you have provided with the Form A information that is responsive to the specific item number in this PID Information Request, please refer to a specific page or pages in the tab or section of the Form A material that is responsive to the item number.

1. Definitions. Except as otherwise specifically defined herein, the definitions of capitalized terms are set forth in Section 7 at the end of this PID Information Request.
2. Transaction.
 - 2.1. Risk analysis issues.
 - 2.1.1 Discuss the economic benefits and risks of the Transaction. Provide a full and complete copy of all Expert Opinions and/or external

consultant reports supporting or not supporting the reasonableness of your response.

2.1.2 Provide a full and complete analysis of the risk of potential loss with regard to each Proceeding (as defined in the Affiliation Agreement) and the amount and extent of insurance available for such Proceeding.

2.1.3 Provide a full and complete copy of any analysis performed by any Highmark and WPAHS Entity in connection with the consideration, execution, delivery or performance of the Transaction, including without limitation, the repayment of funding commitments to be classified as loans.

2.1.4 Provide a full and complete analysis of the rights and remedies available to Highmark for any breach or default under the Affiliation Agreement or any other agreement between Highmark and any WPAHS Entity both before and after completion of the Transaction, and a description of any reserves, funds or escrows providing security for such obligations.

2.1.5 Provide an analysis of the risks that any assets, properties or reserves of Highmark or the Highmark Affiliates will be subject to any claims, debts or obligations of the WPAHS Entities, together with the methods or approaches by which such risk are being mitigated.

2.1.6 Provide a full and complete listing of any matters or events that are contained in the WPAHS Due Diligence Information (as defined in the Affiliation Agreement) that are referred to as exceptions to, or disclosure of information for, the representations and warranties contained in the Affiliation Agreement, together with the Section of the Affiliation Agreement to which they relate.

2.1.7 Provide a full and complete copy of any updates to the Schedules or the WPAHS Due Diligence Information as and when made.

2.1.8 Provide an analysis of the effect of the Transaction on any existing insurance policies of the WPAHS Entities, including if the Transaction results in a termination of any claims made policies or requires the purchase of any tail or extended reporting policy.

2.1.9 Describe the risks to the Highmark and WPAHS Entities in not obtaining a private letter ruling as provided in the Side Letter dated October 31, 2011.

2.2. Change of Control.

2.2.1 Except for reserved powers specifically described in Exhibit F to the Affiliation Agreement, provide a full description of any contracts,

arrangements or understandings with respect to any membership interest, investment interest or other interest by which UPE Controls or has a right to Control any of Highmark, Highmark Affiliate, WPAHS, or WPAHS Affiliate in which the Applicant, its Affiliates or any Person listed in Item 3 of the Form A is involved (or is expected to be involved in the future), including but not limited to transfer of any interest, joint venture, loan or option arrangement, puts or calls, guarantees of loans, guarantees against loss, or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. The description shall identify the Person with whom such contracts, arrangements or understandings have been entered into.

2.2.2 Are there any inter-Entity agreements between or among one or more of the Highmark and WPAHS Entities that: (i) are anticipated to be executed if the Transaction is approved; or (ii) were executed contemporaneously with or subsequent to the execution of the June 28, 2011 term sheet that was signed by Highmark and WPAHS. If so, provide full and complete copies of all current draft or executed agreements.

2.3. Bond Obligations

2.3.1 Provide full and complete copies of the Master Indenture and the WPAHS Tax-Exempt Bond documents.

2.3.2 Provide a full and complete copy of any analysis of the obligations under the Master Indenture and the WPAHS Tax-Exempt Bonds, as defined in the Affiliation Agreement, and the effect on the obligations of any WPAHS Entity under the Master Indenture and the WPAHS Tax-Exempt Bonds of (i) the Transaction and/or (ii) the financial condition or performance of WPAHS.

2.3.3 Provide a full and complete copy of any analysis, opinion or memorandum of law of bond counsel or counsel for any Highmark and WPAHS Entity that relates to, is required by, or is to be furnished in connection with, the subject matter of Section 6.13 ("Bond Compliance") of the Affiliation Agreement.

2.3.4 Without limiting the scope of Section 2.3.2, describe any consents, notices to or approvals of bond trustees, bondholders or others who have an interest in bond obligations of Highmark or WPAHS Entities.

2.3.5 In connection with the WPAHS Tax-Exempt Bonds, provide a full and complete copy of any notice or other communication received by any WPAHS Entity from and after June 28, 2011 from any bond trustee, master trustee, bondholder or the Municipal Securities Rulemaking Board regarding or in connection with the Transaction, and any response to such notice or communication.

2.4. Distribution of funds.

2.4.1 In addition to the funding commitments described in Article 2 of the Affiliation Agreement, provide a full description of any plans of the Applicant or any Highmark and WPAHS Affiliate to declare or cause to be declared any extraordinary dividend, liquidate any of the Domestic Insurers, sell, transfer, donate, assign or create any lien or encumbrance upon its assets or merge them with any Person or to make any other material change in their business operations, corporate structure or management. Do not cross reference to other information. Please list and describe each such plan.

2.4.2 In addition to the information provided in the Strategic Plan, provide a copy of any most current or final plan or plans drafted or adopted by or for the Applicant, UPE Provider Sub and/or all or any Highmark and WPAHS Entities regarding implementation or performance of the Transaction, including but not limited to documents describing strategies or plans relating to integration, funding, implementation or strategy, irrespective of the name of the document.

2.4.3 With regard to funding commitments:

2.4.3.1 Describe the amount and source of funds for any funding, contributions, loans or advances currently anticipated to be made by Highmark, any Highmark Affiliate, (including but not limited to the UPE and/or by the UPE Provider Sub) to

2.4.3.2 UPE;

2.4.3.3 the UPE Provider Sub;

2.4.3.4 WPAHS;

2.4.3.5 any WPAHS Affiliate;

2.4.3.6 Highmark; and/or

2.4.3.7 any other Highmark Affiliate.

2.4.3.8 If any of the funds or other consideration (collectively, the "Consideration") used or to be used by any of Applicant or Highmark and WPAHS Entity in effecting, consummating or performing the Transaction (no matter how described in the Affiliation Agreement or other document) is represented or is to be represented by funds or other property borrowed or otherwise obtained for the purpose of acquiring or holding any interest in any Highmark and WPAHS Entity, furnish a description of the transaction relating thereto, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be

borrowed, and copies of all agreements, promissory notes and security arrangements related thereto.

2.4.3.9 Explain in detail the criteria used in determining the nature and amount of the Consideration and provide a copy of all Expert Opinions relating thereto.

3. Governmental, regulatory, corporate and/or contractual consents and approvals

3.1. Are there any pre- and/or post-closing governmental regulatory, corporate and/or contractual notices, filings, consents and/or approvals that are or reasonably may be required for or in connection with the Transaction, other than those contained in Schedules 8.4 and 9.4?

3.2. For each governmental, regulatory, corporate and/or contractual notices, filings, consents and/or approvals that are or reasonably may be required for or in connection with the Transaction provide:

3.2.1 The name, address of the entity that must give the consent or approval;

3.2.2 The specific notices, filings, consents or approval(s) that will be required.

3.2.3 The timing of the notices, filings, consents or approvals, together with citation to the statutory, regulatory or contractual provision requiring such notice, consent or approval.

3.2.4 Whether contact has been made with the entity regarding the Transaction and, if so, provide the name, address, telephone number and e-mail address of the individual(s) at the entity who was contacted.

3.2.5 Provide a complete copy of any written material that has been submitted to any Person (other than Highmark and WPAHS Entities and their directors, officers, employees and agents) regarding the Transaction and any response to such written material.

3.3. Explain the process for obtaining each consent and approval set forth this Section 3 and the expected timeline or schedule for each.

3.4. Hart/Scott/Rodino filing

3.4.1 Representatives of Highmark have informed the Department that no Hart/Scott/Rodino filing needs to be made or will be made by the Applicant and/or any Highmark and WPAHS Entity in connection with the

Transaction. Provide a full and complete copy of any analysis, opinion or other document prepared by or for the Applicant or any Highmark and WPAHS Entity regarding the necessity for the making of a Hart/Scott/Rodino filing in connection with the Transaction.

3.4.2 Provide a full and complete copy of all communications (whether by letter, e-mail or otherwise) and/or other documents provided to and/or received from the Pennsylvania Attorney General's Office concerning the making of a Hart/Scott/Rodino Filing in connection with the Transaction.

3.4.3 Provide a full and complete copy of all communications (whether by letter, e-mail or otherwise) and/or other documents provided to and/or received from any other governmental or regulatory authority concerning the need for making a Hart/Scott/Rodino Filing in connection with the Transaction. This includes, but is not limited to, other state insurance departments, the United States Department of Justice, and the Federal Trade Commission.

3.5. Provide a full and complete copy of any communication (whether by letter, e-mail or otherwise) and/or other document provided to and/or received from any governmental or regulatory entity related to the Transaction that is not otherwise required to be submitted in connection with this PID Information Request. "Governmental or regulatory entity" includes, but is not limited to, the Pennsylvania Attorney General's Office, the Pennsylvania General Assembly, departments or agencies of the Commonwealth (other than the Pennsylvania Insurance Department), other state insurance departments, the United States Department of Justice, the Federal Trade Commission, other departments or agencies of the United States or any other state, and any political subdivision or other governmental unit.

3.6. List all notices, filings, consents and/or approvals needed by or from the National Blue Cross Blue Shield Association ("BCBSA") or other Blue Cross licensing body with respect to the Transaction.

3.6.1 For each such notice, filing, consent or approval, provide the information required by Section 3.2 above.

3.6.2 Provide a full and complete copy of any documents filed with, provided to or received from the BCBSA related to the Transaction.

3.7. Provide a full and complete copy of any written testimony given on behalf of the Applicant or any Highmark and WPAHS Entity regarding or referencing the Transaction.

3.8. Provide a full and complete copy of any press release or public announcement, issued by the Applicant or any Highmark and WPAHS Entity regarding or referencing the Transaction.

4. Compliance with the Statutory Standards

4.1. In addition to information otherwise requested in this PID Information Request that may be relevant to the issues addressed in this Section, provide the following information relating to 40 P.S. § 991.1402(f)(1)(i) for each applicable domestic insurer, which states: *“After the merger, consolidation or other acquisition of control, the domestic insurer ... would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed.”*

4.1.1 Provide a listing of all of the Highmark Affiliates that are licensed to write insurance in Pennsylvania.

4.1.2 Identify Highmark's and each Highmark Affiliate's current status as a licensee under the Pennsylvania Insurance Code, Hospital Plan Corporation Act and/or Professional Health Services Plan Corporation Act, as well as any potential changes to this status, for Highmark or any Highmark Affiliate, as a result of or in connection with, the Transaction.

4.1.3 Provide references to the Pennsylvania Insurance Code, Hospital Plan Corporation Act and/or Professional Health Services Plan Corporation Act for applicable licensing standards for each Highmark Affiliate that operates in Pennsylvania.

4.1.4 Provide an analysis for Highmark and each Highmark Affiliate of the adequacy of capital and liquidity so as to meet relevant requirements.

4.1.4.1 In connection with such analysis, describe the assumptions underlying the analysis and the reasonableness of such assumptions.

4.1.5 Identify any other factors or circumstances that affect the ability (or will affect the ability after the Transaction is completed) for Highmark or any Highmark Affiliate licensed in Pennsylvania to meet requirements for obtaining a license to write insurance in Pennsylvania.

4.2. In addition to the summary conclusions contained in Tab 7 of the information with respect to which the Applicant has requested confidential treatment, provide a detailed legal analysis concerning whether the effect of the Transaction would be to substantially lessen competition in insurance in the Commonwealth or tend to create a monopoly therein, including without limitation

(i) the application of 40 P.S. § 991.1402(f)(1)(ii) that incorporates by reference provisions of 40 P.S. § 991.1403; and (ii) an analysis of precedents in other jurisdictions that rely on NAIC model provisions similar to Pennsylvania law.

4.2.1 For the purpose of responding to the following provisions of this Section, assume that the provisions of 40 P.S. §§ 991.1403 apply, regardless of your response to Section 4.2. Assuming the application of 40 P.S. §§ 991.1403, provide a detailed legal analysis of the following:

4.2.1.1 Whether there would be a prima facie violation of the competitive standard under 40 P.S. §§1403(d)(2)(i),(ii), discussing the involved insurers and the relevant product and geographical markets;

4.2.1.2 Whether the transaction would have an anticompetitive effect under 40 P.S. § 991.1403(d)(2)(iv) or otherwise, discussing the following:

- (A) market shares;
- (B) volatility of ranking of market leaders;
- (C) number of competitors;
- (D) concentration;
- (E) trend of concentration in the industry; and
- (F) ease of entry and exit into the market;
- (G) any other material factors that relate to any

anticompetitive effect;

4.2.1.3 Any pro-competitive justifications for the Transaction;

4.2.1.4 Whether the Transaction will yield substantial economies of scale or economies of resource allocation providing specific data to support such justifications; and

4.2.1.5 Whether the Transaction will substantially increase the availability of insurance.

4.2.2 Provide detail for all market share and geographical market data relied on or considered in responding to the above questions or compiling the Statement Regarding Compliance With the Competitive Standard of 40 P.S.

§ 991.1403(d) and describe the source and the basis for the selection of the market share and geographical data.

4.2.3 Provide a full and complete copy of all Expert Opinions supporting or not supporting your response to the above questions or the Statement Regarding Compliance with the Competitive Standard of 40 P.S. § 991.1403(d).

4.2.4 For each product identified in your response to the above questions or the Statement Regarding Compliance With the Competitive Standard of 40 P.S. § 991.1403(d), identify whether the product is offered on a Blue-branded or unbranded basis.

4.2.5 Provide all studies, surveys, analyses and reports that were prepared by or for any officer(s), director(s), board(s) of director(s), committee(s) or committee member(s), task force(s), individual(s) or other entities related directly or indirectly to any Highmark and WPAHS Entity for the purpose of evaluating or analyzing the Transaction with respect to market shares, competition, competitors, markets, potential for sales growth or expansion into product or geographic markets. Indicate (if not contained in the document itself) the date of preparation, and the name and title of each individual who prepared each such document. To the extent that responsive studies, surveys, analyses and reports are being provided in response to another part of this PID Information Request, identify the specific section and study, survey, analysis or report being provided so that a comprehensive list of all studies, surveys, analyses and reports is submitted in response to this Section 4.2.5.

4.2.6 Provide any documents, studies, projections, estimates, evaluations, analysis, reports, discussions or other communications relating to:

4.2.6.1 The definition or scope of the geographical markets involved in the Transaction, including whether there is a national, local, regional or other geographic scope for the health insurance market.

4.2.6.2 For each identified geographical market, the share of Highmark and each Highmark Affiliate in that market before and after the Transaction and include any studies, evaluations, analysis, reports, discussions or other communications relating to future projections of market share for a period of 5 years.

4.2.6.3 The definition of the insurance product or service markets involved in the Transaction, including any subcategory or line of business thereof.

4.2.6.4 For each identified insurance product or service market, the share of Highmark and each Highmark Affiliate in that market before and after the Transaction and include any such studies, evaluations, analysis, reports, discussions or other communications relating to future projections of market share for a period of 5 years.

4.2.6.5 The definition of the healthcare provider market involved in the Transaction and any subcategory or specialty thereof.

4.2.6.6 For each identified healthcare provider market involved in the Transaction, the share of providers affiliated with or providing services through WPAHS Entities in that market before and after the Transaction and include any such studies, evaluations, analysis, reports, discussions or other communications relating to future projections of market share for a period of 5 years.

4.2.6.7 The definition of the hospital market involved in the Transaction, including any subcategory or level of care involved.

4.2.6.8 For each identified hospital market involved in the Transaction, the share of WPAHS Entities in that market before and after the Transaction and include any such studies, evaluations, analysis, reports, discussions or other communications relating to future projections of market share for a period of 5 years.

4.2.7 Provide any documents, studies, projections, estimates, evaluations, analysis, reports, discussions or other communications relating to foreclosure of competition or competitors in any of the markets identified in response to Section 4.2.2 that may take place by reason of the Transaction, whether through exclusive dealing arrangements, tying arrangements, or other methods.

4.2.8 Provide any documents, studies, projections, estimates, evaluations, analysis, reports, discussions or other communications relating to adverse effects on businesses in any of the identified geographic markets by reason of the Transaction.

4.2.9 Provide any documents, studies, projections, estimates, evaluations, analysis, reports, discussions or other communications relating to any identified or potential trend towards concentration, or trend towards vertical integration in any of the markets identified in response to Section 4.2.6.

4.2.10 Provide any documents, studies, projections, estimates, evaluations, analysis, reports, discussions or other communications relating to

actual or potential barriers to entry in any of the markets identified in response to Section 4.2.6.

4.2.11 Provide detail concerning the selection of the appropriate product markets, including a full and complete copy of all documents regarding your selection of the appropriate product markets.

4.2.12 Provide detail concerning your selection of the appropriate geographic markets, including a full and complete copy of all documents regarding your selection of the appropriate geographic markets.

4.2.13 Provide a listing of all insurance product lines, by geographic area, offered by Highmark or any Highmark Affiliate, both which are and which are not the subject of the Form A filing. For each product line, identify whether the product line is Blue-branded or unbranded. Please describe if any of such insurance lines were not considered for the purpose of the analysis under 40 P.S. § 991.1403(d)(i) and, if not, why not.

4.2.14 Describe any plans to expand or terminate products or services offered by any and all Highmark and WPAHS Entities and the competitive effects thereof.

4.2.15 Describe any plans to expand or restrict the geographic area of any products or services provided by any and all Highmark and WPAHS Entities and the competitive effects thereof.

4.2.16 Discuss the expected impact of the Transaction on the overall level of health care utilization in each area in Pennsylvania in which a Highmark and WPAHS Entity does business.

4.2.17 Provide a list of third party payors with which WPAHS and WPAHS Affiliates currently contract, along with the related lines of services.

4.2.18 Identify any plans by WPAHS and WPAHS Affiliates to contract with (or terminate or amend any relationship with) any insurance carrier after the completion of the Transaction and discuss their impact on Highmark and the Highmark Affiliates.

4.2.19 Identify any anticipated changes to current or new payor contracts between or among the Highmark and WPAHS Entities and discuss their impact on Highmark and the Highmark Affiliates.

4.2.20 Discuss the potential impact of the Transaction on Highmark's ability to pursue expansion plans in geographic markets other than in

areas in Pennsylvania in which any Highmark and WPAHS Entity currently does business.

4.3. In addition to information otherwise requested in this PID Information Request that may be relevant to the issues addressed in this Section, provide the following information relating to 40 P.S. § 991.1402(f)(1)(iii) - *“The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer or prejudice the interest of its policyholders.”*

4.3.1 Provide GAAP and Statutory financials for Highmark Affiliates for years 2006-2010.

4.3.2 Provide GAAP and Statutory, if relevant, financials for WPAHS and WPAHS Affiliates for years 2006-2010.

4.3.3 Provide a full and complete copy of representation letters to, and audit reports, management letters or management reports, or other correspondence or reports to the board or committees of the board from each Highmark and WPAHS Entity’s independent auditors during the past for the years 2006 - 2010.

4.3.4 Provide a full and complete copy of the following reports and financial projections for each Highmark and WPAHS Entity. These reports and financial projections should be provided separately for Highmark's insurance and provider operations and should include details of any transfer of resources between the two operating segments. Provide detailed discussion of these projections, including income statement, balance sheet (GAAP/SAP and RBC calculation), and cash flow statement.

4.3.4.1 Financial projections for 2012 to 2016 based on the assumption that the Transaction is approved and that a contract with UPMC is successfully renegotiated.

4.3.4.2 Financial projections for 2012 to 2016 based on the assumption that the Transaction is not approved and that a contract with UPMC is successfully renegotiated.

4.3.4.3 Financial projections for 2012 to 2016 based on the assumption that the Transaction is not approved and that a contract with UPMC is not successfully renegotiated.

4.3.5 Provide a full and complete copy of functional excel backup to each set of financial projections requested in items 4.3.4.1 to 4.3.4.3, as well as for financial projections for 2012 to 2016 based on the assumption that the Transaction is approved and that Highmark does not renew a contract with

UPMC. Include income statement, balance sheet (GAAP/SAP), and cash flow statement in excel backup. To the degree possible, provide functional excel analysis of each Highmark and WPAHS Entity's Reserves and RBC (if applicable) impact if all financial commitments made and any expenditures contemplated as part of the Transaction result in write-offs (i.e. 'worst case scenario').

4.3.6 Provide an analysis of the reasonableness of each assumption underlying each set of projections requested in items 4.3.4.1 to 4.3.4.3 (as well as for the previously submitted financial projections for 2011 to 2015 based on the assumption that the Transaction is approved and that a contract with UPMC is not successfully negotiated) for financial statements (income statement, balance sheet (GAAP/SAP), and cash flow statement) including any product/service price increases or decreases, changes in utilization, membership/customer increases/decreases by product or service, detailed breakdown of capital expenditures, and detailed breakdown of any projected operating synergies.

4.3.7 Identify and analyze any material contingent liabilities relating to the Highmark and WPAHS Entities and any potential claims that could be asserted against Highmark or the Highmark Affiliates relating to the Transaction. If any insurance for such contingent liabilities or potential claims exist, identify such insurance, the amount of such insurance and any limitations, exclusions, deductibles or co-insurance.

4.3.8 Provide a detailed description of any material strategic/financial initiatives at any Highmark and WPAHS Entity other than those contemplated in the Transaction (i.e. other acquisitions, divestitures, capital raises, etc.) to include projected financial obligations/commitments and organizational impact, and describe any potential or proposed consolidation, merger, or acquisition of control involving any other Pennsylvania Blue plan or other professional health service corporation, hospital plan corporation or insurer that were contemplated, investigated or negotiated by Highmark or any Highmark Affiliate prior to the execution of the Affiliation Agreement.

4.3.9 Provide assessments for the cost and timeline of integrating the Highmark and WPAHS Entities into the organizational structure proposed to exist after the Transaction is completed, along with any third party reports supporting such cost estimates.

4.3.10 Provide a full and complete copy of all grant and loan agreements for all financial commitments made from Highmark and/or Highmark Affiliates to WPAHS and/or WPAHS Affiliates.

4.3.11 Provide a full and complete copy of all documents evidencing the guarantee by any other entity of any obligation of any Highmark and WPAHS Entity or any Highmark and WPAHS Entity's guarantee of any obligation of any other Person. If otherwise included in the Form A filing and accompanying material, specifically identify the relevant document(s) and where such documents are included in the Form A filing and accompanying material.

4.3.12 Discuss any changes to the tax status of Highmark, any Highmark Affiliate, WPAHS and/or WPAHS Affiliate as a result of the Transaction or anticipated within the next 5 years.

4.3.13 Provide a full and complete copy of any materials submitted to credit rating agencies by any Highmark and WPAHS Entity related to the Transaction.

4.3.13.1 Discuss any changes in credit rating or outlook for Highmark, any Highmark Affiliate, WPAHS and/or WPAHS Affiliate related to the Transaction.

4.3.14 Provide a full and complete copy of any valuation materials prepared or reviewed by Highmark and/or WPAHS related to any Highmark and WPAHS Entity and/or the Transaction.

4.3.15 Provide a full and complete copy of any tax opinions or analyses of taxation issues concerning the Transaction that have been or will be obtained.

4.3.16 Provide an update to Schedule 5.6 to the Affiliation Agreement to include a description of the status of all litigation, audit and administrative proceedings concerning all Highmark and WPAHS Entities, including current status, deadlines and, if applicable, amounts claimed to be payable by the applicable Highmark and WPAHS Entity and cross-reference to the matters described in the response to Section 4.4.7.

4.3.16.1 For all matters where liability of any Highmark and WPAHS Entity is claimed to be in excess of \$1,000,000 or where injunctive relief is sought, file a schedule of all documents produced by the Highmark and/or Highmark Affiliates in discovery in such matters.

4.3.17 Identify all presently effective statute of limitation waivers, extensions or tolling agreements filed by or on behalf of any Highmark and WPAHS Entity; identify all such matters and provide a summary of each.

4.3.18 Identify and provide a summary and the status of each matter, if any, in which any Highmark and WPAHS Entity is the subject of any

investigation or legal action that could result in debarment, suspension, license or permit revocation by any governmental agency; the imposition of a civil monetary penalty; or in the imposition of any criminal penalty.

4.3.19 Does any Highmark or WPAHS Entity have knowledge of any claim, potential claim or potential liability with respect to false statements/false claims; violations of fraud and abuse, civil monetary penalty, HIPAA, HITECH and/or any anti-kickback statute?

4.3.20 Provide a full and complete copy of any analysis of alternatives to entering into the Transaction, including but not limited to 'worst case' or similar analysis, performed for or provided to WPAHS or any WPAHS Affiliate and the assumptions underlying such analysis.

4.4. In addition to information otherwise requested in this PID Information Request that may be relevant to the issues addressed in this Section, provide the following information relating to 40 P.S. § 991.1402(f)(1)(iv) - *"The plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable and fail to confer benefit on policyholders of the insurer and are not in the public interest."*

4.4.1 Identify and provide a description of any claims against any Highmark and WPAHS Entity by any Highmark and WPAHS Entity that are being, have been or will be settled or resolved in connection with the Transaction or since the execution of the June 28, 2011 term sheet between Highmark and WPAHS.

4.4.2 In addition to the information provided in response to other items in this PID Information Request:

4.4.2.1 Provide a detailed description of governance, reporting lines and structure for regulatory oversight of economic transfers between UPE, the UPE Provider Sub and/or any Highmark and WPAHS Entity.

4.4.2.2 Provide a full and complete copy of all materials describing operational integration plans for the Highmark and WPAHS Entities.

4.4.3 Compensation.

4.4.3.1 Explain any changes to the compensation arrangements of the officers of each Highmark and WPAHS Entity that will occur if the Transaction is completed.

4.4.3.2 Summarize in an excel table the before and after compensation for the senior management team of each Highmark and WPAHS Entity and also detail any payments or other changes in compensation (including any bonus or incentive plans or payments) that are expected to result specifically from the Transaction.

4.4.3.3 Discuss and provide a full and complete copy of all new and/or amended employment agreements, retention bonuses, bonuses, severance packages or other forms of compensation related to or resulting from the Transaction. Explain why the proposed compensation arrangements are reasonable.

4.4.3.4 Identify any financial obligations to any employee or agent of any Highmark and WPAHS Entity if the Transaction is not consummated in accordance with its terms.

4.4.3.5 Provide a full and complete copy of all Expert Opinions supporting or not supporting the reasonableness of the compensation arrangements. Explain all limitations on, and guidelines for, post-consolidation compensation.

4.4.4 Identify any changes to employment levels of each Highmark and WPAHS Entity, by function, that are anticipated to occur if the Transaction is approved.

4.4.5 Discuss any termination provisions contemplated by the Transaction, including any payments, terms or financial arrangements that may result from a termination of the Affiliation Agreement or other termination of the Transaction.

4.4.6 Provide the most current 'integration planning team' documentation regarding any organizational integration plan.

4.4.7 Charitable and community activities.

4.4.7.1 What changes in charitable and community activities and in charitable contributions are expected to be made by each Highmark and WPAHS Entity in the four years after the Transaction either is approved or not approved?

4.4.7.2 Assuming that the Transaction is approved, describe in detail the charitable and community activities in which UPE and UPE Provider Sub will engage and the charitable contributions that UPE and UPE Provider Sub will make in the four years after the Transaction is approved.

4.4.8 Community benefit programs.

4.4.8.1 Describe community benefit programs undertaken by WPAHS and each WPAHS Affiliate in the past four years.

4.4.8.2 Provide copies of any community health needs assessment, community benefit report or similar document (in draft or final form) prepared by or for WPAHS or any WPAHS Affiliate in the past four years.

4.4.8.3 Describe how community benefit programs of WPAHS and each WPAHS Affiliate will be affected by the Transaction.

4.5. In addition to information otherwise requested in this PID Information Request that may be relevant to the issues addressed in this Section, provide the following information relating to 40 P.S. § 991.1402(f)(1)(v) - *The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of the policyholders and of the public to permit the merger, consolidation or other acquisition of control.*"

4.5.1 Discuss the experience of the proposed management and Board of Directors of UPE with regard to operation and management of a vertically integrated enterprise that includes a healthcare delivery system.

4.5.2 Discuss the experience of the proposed management and Board of Directors of UPE with regard to the management of healthcare providers.

4.6. In addition to information otherwise requested in this PID Information Request that may be relevant to the issues addressed in this Section, provide the following information relating to 40 P.S. § 991.1402(f)(1)(vi) - *The merger, consolidation or other acquisition of control is likely to be hazardous or prejudicial to the insurance buying public.*"

4.6.1 Identify and analyze the potential impact of the Transaction on the availability of health insurance and health care services (including public accessibility to medical professionals and facilities) in each area in Pennsylvania in which a Highmark and WPAHS Entity has current or future plans to do business, and demonstrate that the Transaction will not be hazardous or prejudicial to the insurance buying public.

4.6.2 Explain the advantages and disadvantages of the Transaction for members, subscribers, enrollees, policy holders, hospital providers, other health care providers, pharmacies and other affected persons.

4.6.3 Describe all agreements, contracts or commitments that will be in effect or are contemplated to be in effect any time after the Transaction is completed which agreements, contracts or commitments will limit in any way the freedom of any Highmark or WPAHS Entity to engage in any line of business, to do business with one or more third parties or to compete with any other person or entity. Please file a copy of any such agreement, contract or commitment.

4.6.4 Provide detail concerning how employees (and number of jobs and offices) will be affected by the Transaction.

4.6.5 Describe whether and to what extent the Transaction is likely to have any impact on any current provider contract? Do any of the provider contracts permit early termination upon any change in control?

4.6.6 Describe any meetings or discussions between any of the Highmark and WPAHS Entities with health care providers or health care professional groups about the Transaction.

4.6.7 Summarize any assurances or statements made by anyone representing any Highmark and WPAHS Entity regarding changes in provider relationships in connection with or resulting from the Transaction.

4.6.8 Provider reimbursement.

4.6.8.1 Are there any projected or anticipated changes in provider reimbursements as a result of or after the Transaction?

4.6.8.2 If so, describe any projected or anticipated changes in provider reimbursement for Highmark or any Highmark Affiliate.

4.6.9 Provide a full and complete copy of any presentations to the Board of Directors and/or any board committees of any Highmark and WPAHS Entity regarding consideration of the Transaction, including the rationale, projected financial commitment and financing alternatives, and comparison to any other strategic acquisition alternatives considered.

4.6.10 Summarize the social and charitable mission of each Highmark and WPAHS Entity and describe the specific manner in which the Transaction will impact the ability of each Highmark and WPAHS Entity to fulfill its social and charitable mission.

4.6.11 Provide a full and complete copy of any presentations to the Highmark Board of Directors regarding consideration of the proposed Affiliation with WPAHS, including the rationale, projected financial commitment and

financing alternatives, and comparison to any other strategic acquisition alternatives considered by the Board.

4.6.12 Provide a full and complete copy of any WPAHS Board of Directors documentation regarding consideration of an affiliation or other relationship between WPAHS and any WPAHS Affiliate and Highmark or any other insurer or with respect to any plan for resolving financial difficulties.

4.6.13 Discuss the manner in which the Transaction meets Highmark's overall strategic objectives.

4.6.14 Discuss the anticipated target range for the surplus levels of Highmark and each Highmark Affiliate for the next five years, expressed in both dollars and RBC ratio, and include discussion of whether that target range is optimal for policyholders and subscribers.

4.6.15 Describe any other potential or proposed consolidation, merger, or acquisition of control involving or any investment in or to any other health system, hospital, physician practice or other health care provider or supplier that were or are being contemplated, investigated or negotiated by any Highmark and WPAHS Entity either prior to or after the execution of the Affiliation Agreement.

4.6.16 Provide a full and complete copy of each Highmark and WPAHS Entity's investment plan and proposed changes to the plan and as a result of the Transaction.

5. Organization and background of entities involved in the Transaction.

5.1. Information related to all Highmark and WPAHS Entities.

5.1.1 For (i) the Applicant; (ii) Highmark; (iii) each Highmark Affiliate; (iii) UPE Provider Sub; (iv) WPAHS; and (v) each WPAHS Affiliate provide copies of:

5.1.1.1 Articles of incorporation or other formation document, except for those entities for which such documents have been provided. Identify the entities for which such documents have been provided and where such documents are located in the Form A filing and accompanying material.

5.1.1.2 Bylaws, operating agreement or similar document, except for those entities for which such documents have been provided. Identify the entities for which such documents have been provided and where such documents are located in the Form A filing and accompanying material.

5.1.1.3 With respect to each entity listed in Section 5.1.1 that will have its Articles of Incorporation and/or Bylaws amended when the Transaction is completed, provide a comparison document showing the changes that are proposed to be made in such document when the Transaction is completed.

5.1.1.4 Certificates of authority issued by any insurance department, or any other Commonwealth department of agency, or a department or agency of another state (other than corporation bureau certificates of authority).

5.1.1.5 License agreements.

5.1.1.6 Any contract, agreement or document that defines or restricts the geographic area in which the entity does business or the product(s) it offers.

5.1.1.7 A full and complete copy of Form 1023 filed to apply for recognition under Section 501(c)(3) of the Internal Revenue Code, if applicable, and any communication (whether by letter, e-mail or otherwise) and/or other document provided and/or received by the entity regarding any Form 1023 filing and any amendments thereto.

5.1.1.8 IRS Determination Letter certifying the tax status and evidence that the tax exemption is in good standing/valid, if applicable.

5.1.1.9 To the extent not disclosed in the Form A filing and accompanying material, provide a full and complete listing of each class of membership interests in each of Highmark, Highmark Affiliate, WPAHS and WPAHS Affiliate, summarize any rights of Control with respect to each such class, and refer to the agreement or document to which such right of Control relates. If disclosed in the Form A filing and accompanying material, identify where such disclosure is located in the Form A filing and accompanying material.

5.1.2 Provide any materials or presentations prepared by or for or sent to the Applicant and/or any Highmark and WPAHS Entity, or sent by or for the Applicant and/or any Highmark and WPAHS Entity to any other Person, setting forth or regarding the potential rationale for and/or risks associated with the Transaction.

5.1.3 Explain the current or anticipated use by or among one or more Highmark and WPAHS Entities of "most favored nation" clauses or similar provisions ("MFN's"), whether or not currently used, in any contract by or among one or more Highmark and WPAHS Entities, including, but not limited to, provider and/or health care services payment or reimbursement contracts. Provide

samples of MFN language used in existing provider or other agreements. Explain the impact of the Transaction on existing or contemplated MFN agreements.

5.1.4 Describe any fundamental corporate changes, other than the Transaction (including but not limited to acquisitions, sales, reorganizations, affiliations, mergers, conversions, divisions or changes in ownership) that are currently planned or are being investigated or considered by any Highmark and WPAHS Entity.

5.1.5 Identify and assess the magnitude and likelihood of impediments or risks relating to the Transaction.

5.2. Highmark and Highmark Affiliates

5.2.1 Describe the powers that will be reserved to UPE as the corporate member of Highmark and provide documentation of such powers. Describe the powers, if any, that will be reserved to UPE in the articles of incorporation, bylaws or other document of any Highmark Affiliates and provide a copy of such.

5.2.2 What limits, if any, will exist upon completion of the Transaction on the ability of UPE to amend (or cause the amendment) of the articles of incorporation or bylaws of Highmark or any Highmark Affiliate?

5.2.3 Describe the authority or power that Highmark will have over UPE, UPE Provider Sub and/or the WPAHS Affiliates or to direct or cause the direction of the management or affairs of each such entity upon the execution of the Affiliation Agreement and the consummation of the Affiliation Agreement.

5.2.4 Describe any changes or proposed changes to health care payment or reimbursement contracts by Highmark and/or any Highmark Affiliate implemented or to be implemented in connection with the Transaction.

5.2.5 Highmark and/or Highmark Affiliate provider network(s).

5.2.5.1 Provide a list of all providers and/or networks of providers with which Highmark and/or each Highmark Affiliate contracts or will contract after completion of the Transaction.

5.2.5.2 Are there any anticipated changes to the providers and/or networks of providers that will result from or exist following completion of the Transaction? If so, please describe the anticipated changes.

5.3. WPAHS and WPAHS Affiliates

5.3.1 Background Material for WPAHS

5.3.1.1 Describe any limitations on the authority of UPE Provider Sub as the sole member of WPAHS with respect to the WPAHS or any WPAHS Affiliate.

5.3.1.2 Provide biographical affidavits of all WPAHS' Board of Directors, other governing bodies, if any, and its Senior Management Team.

5.3.1.3 What changes, if any, are expected to be made to the membership of WPAHS's Board of Directors, other governing bodies, if any, or Senior Management Team once the Transaction is completed?

5.3.1.4 Describe current WPAHS and WPAHS Affiliates' service offerings by location and a description of WPAHS and WPAHS Affiliates' service offerings by location once the Transaction is completed.

5.3.1.5 Describe any changes or proposed changes to health care delivery services by WPAHS or WPAHS Affiliates implemented or to be implemented in connection with the Transaction.

5.3.2 WPAHS and/or WPAHS Affiliate provider network(s).

5.3.2.1 Provide a list of all providers and/or networks of providers with which WPAHS and/or each WPAHS Affiliate contracts or will contract after completion of the Transaction.

5.3.2.2 Are there any anticipated changes to the providers and/or networks of providers that will result from or exist following completion of the Transaction? If so, please describe the anticipated changes.

5.3.3 Identify each contract between WPAHS and/or any WPAHS Affiliate and any insurer, other hospital plan corporation or professional health services plan corporation in Pennsylvania and any changes that will or are expected to be implemented in connection with the Transaction or after the Transaction is completed.

5.4. UPE

5.4.1 Will the UPE be licensed or otherwise regulated by the Pennsylvania Insurance Department and/or any other agency of the Commonwealth? If so, describe and cite the licensure and/or regulation and the statutes and regulations pursuant to which the UPE will be licensed or regulated.

5.5. UPE Provider Sub

5.5.1 Describe the powers that will be reserved to UPE as the sole member of UPE Provider Sub.

5.5.2 Provide biographical affidavits of the proposed Board of Directors of the UPE Provider Sub and its proposed Senior Management Team.

5.5.3 Will the UPE Provider Sub be licensed or otherwise regulated by the Insurance Department of the Commonwealth of Pennsylvania, the Pennsylvania Department of Health, the Pennsylvania Department of Public Welfare and/or any other agency of the Commonwealth? If so, describe the type of license or regulation and cite the statutes and regulations pursuant to which the UPE Provider Sub will be licensed or regulated.

6. Other issues

6.1. If the entity is a membership corporation, discuss how each Highmark and WPAHS Entity has complied or plans to comply with section 5922(d) of the Non Profit Law and its bylaws concerning member or subscriber approval of the Transaction.

6.2. Identify all third party professionals (lawyers, accountants, investment bankers, financial advisors, etc.) advising or consulting with any Highmark and WPAHS Entity with respect to the Transaction. Provide both individual and firm names.

6.3. Identify all individuals and lobbying firms providing lobbying services to any Highmark and WPAHS Entity with respect to the Transaction. Provide both individual and firm names.

6.4. Provide a copy of the most current or final copy of any due diligence checklists or closing checklists circulated by or among the Applicant and any Highmark and WPAHS Entity regarding the Transaction. Also, provide copies of any documents provided in response to such checklists that are relevant to any of the issues or requests for information in this PID Information Request but that are not specifically requested in this PID Information Request.

7. Definitions

In addition to the words or terms otherwise defined in this PID Information Request, as used in this document, the following terms have the following meanings:

“Affiliate” means any Person that directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under Common Control with any other Entity. It includes all Persons in which any Highmark and WPAHS Entity has a membership interest.

“Affiliation Agreement” means the contract entered into between UPE, UPE Provider Sub, Highmark, WPAHS and certain subsidiaries of WPAHS as specified therein dated October 31, 2011 providing for the Transaction. A copy of the Affiliation Agreement was provided to the Department.

“Applicant” means UPE, a Pennsylvania nonprofit corporation, on behalf of which the Form A was filed.

“BCBSA” means the National Blue Cross Blue Shield Association.

“Consideration” shall have the meaning as stated in Section 2.4.3.8.

“Control,” “Controlling” or “Controlled by” or “under Common Control with” have the meaning given to those terms in 40 P.S. § 991.1401.

“Department” means the Insurance Department of the Commonwealth of Pennsylvania.

“Domestic Insurers” means the Pennsylvania domestic insurers to which the Form A applies. These are listed in the Form A as Highmark; First Priority Life Insurance Company, Inc., a Pennsylvania stock insurance company; Gateway Health Plan, Inc., a Pennsylvania business corporation and licensed health maintenance organization; Highmark Casualty Insurance Company, a Pennsylvania stock insurance company; Highmark Senior Resources Inc., a Pennsylvania stock insurance company; HM Casualty Insurance Company, a Pennsylvania stock insurance company; HM Health Insurance Company, d/b/a Highmark Health Insurance Company, a Pennsylvania stock insurance company; HM Life Insurance Company, a Pennsylvania stock insurance company; HMO of Northeastern Pennsylvania, Inc., d/b/a First Priority Health, a Pennsylvania nonprofit corporation and licensed health maintenance organization; Intercounty Health Plan, Inc., a Pennsylvania nonprofit corporation licensed to operate a professional health services plan; Intercounty Hospitalization Plan, Inc., a Pennsylvania nonprofit corporation licensed to operate a hospital plan; Keystone Health Plan West, Inc., a Pennsylvania business corporation and licensed health maintenance organization; United Concordia Companies, Inc., a Pennsylvania stock insurance company; United Concordia Dental Plans of Pennsylvania, Inc., a Pennsylvania business corporation and licensed risk-assuming PPO; and United Concordia Life And Health Insurance Company, a Pennsylvania stock insurance company.

“Expert Opinion” means a third party expert opinion, advice or review as described at the beginning of this PID Information Request.

“Highmark” means Highmark Inc., a Pennsylvania nonprofit corporation licensed to operate a hospital plan and a professional health plan and a professional health services plan.

“Highmark Affiliates” means all Affiliates of Highmark. The term includes, but is not limited to, all of the Domestic Insurers (other than Highmark).

“Highmark and WPAHS Entities” or “Highmark and WPAHS Entity” means Highmark, all Highmark Affiliates, WPAHS, and all WPAHS Affiliates. This term is used throughout this PID Information Request to specifically require a response with respect to each such entity.

“Master Indenture” shall have the meaning as defined in the Affiliation Agreement.

“Person” means any individual, corporation, partnership, limited liability company, trust, association, employee pension plan or stock trust or other entity or organization, including without limitation any governmental or political subdivision or any agency or instrumentality thereof.

“Proceeding” shall have the meaning as defined in the Affiliation Agreement.

“Statement Regarding Compliance With the Competitive Standard of 40 P.S. § 991.1403(d)” means the statement referred to in Section 4.2.2 of this PID Information Request.

“Transaction” shall have the meaning as set forth at the beginning of this PID Information Request and shall include the obligations under the Joint Venture contemplated between Highmark and WPAHS and described in the Joint Venture Option Agreement dated as of October 31, 2011.

“UPE” means the Pennsylvania nonprofit corporation of that name formed on October 20, 2011 being the ultimate parent entity.

“UPE Provider Sub” means the Pennsylvania nonprofit corporation of that name formed on October 20, 2011 as referenced on page 7 of the Form A.

“WPAHS” means West Penn Allegheny Health System, Inc., a Pennsylvania nonprofit corporation

“WPAHS Affiliates” means all Affiliates of WPAHS.

“WPAHS Due Diligence Information” shall have the meaning as defined in the Affiliation Agreement.

“WPAHS Entities” or “WPAHS Entity” means WPAHS and all WPAHS Affiliates.

“WPAHS Tax-Exempt Bonds” shall have the meaning as defined in the Affiliation Agreement.

Form of Response

Documents provided in response to this PID Information Request should be reference the number of this PID Information Request to which you are responding and be provided as follows:

(a) We would appreciate your establishing a virtual data room in which we could access documents electronically in a searchable format by name and also by reference to the number of this PID Information Request to which the document is responsible.

(b) In addition, copies of any documents submitted in response to this PID Information Request must be submitted to the Department in hard copy form and on one or more compact discs or thumb drives. For security purposes we would suggest that you provide data by password protected CD's or thumb drives, and provide the passwords to us by separate cover. We would appreciate it if you would include Bates ranges on the CD label or information accompanying thumb drives.

(c) Please create an excel spreadsheet that indexes each document you provide. The index should correspond to the item number of this PID Information Request. The spreadsheet should be updated and provided (in native format) to the Department with each production. Without limiting the fields of information supplied, we would suggest that the spreadsheet include at least the following fields of information:

- Bates number range of document
 - Short description of the document
 - Date of the document
 - Date of production to the Department
 - Public or Confidential
 - Highmark, Highmark Affiliate, WPAHS or WPAHS Affiliate
- document
- Information request to which document responds

- Information request to which document responds

We expect that you will provide a significant amount of data under confidential designation. Please be sure that you explain the reasons why you believe a document is appropriately entitled to confidential treatment and the legal basis therefor. Any assertion of confidentiality is subject to review and evaluation by the Department. We expect to raise confidentiality issues on a rolling basis as well.

We remind you that the questions in this PID Information Request are intended to be answered on a continuing basis. We expect that you will update your responses as you receive additional responsive information. Any updates should be accompanied by an updated excel spreadsheet showing the dates of the response to each item.

We expect that you will produce all responsive documents and we trust that it would only be in an extraordinary situation where documents are withheld. However, should that situation occur, we request that you provide an index of the withheld documents identifying them in the manner described above, along with an explanation of the reason that any document is withheld. If we do not receive a log of withheld documents for a particular question, we will presume that the Applicants are representing that no responsive documents in their possession or control (or in the possession or control of their employees or agents) have been withheld.

Unless there is an explanation of why you are not following this course, we will expect the production of all attachments with any document.

Please be advised that the Department reserves the right to request additional information and documentation, above and beyond the requests set forth herein, based on its continued review of the Form A filings, including your responses to this letter. These requests are continuing requests and Applicants should promptly update their responses as soon as new information becomes available. Feel free to contact the Department for clarification of any of the requests made above.

Sincerely,


Stephen J. Johnson, CPA
 Deputy Insurance Commissioner
 Office of Corporate and Financial
 Regulation