## BEFORE THE INSURANCE DEPARTMENT OF THE COMMONWEALTH OF PENNSYLVANIA

Statement Regarding the Acquisition of Control of or Merger with Domestic Insurers:

Highmark Inc.; First Priority Life Insurance Company, Inc.;
Gateway Health Plan, Inc.; Highmark Casualty Insurance Company;
Highmark Senior Resources Inc.; HM Casualty Insurance Company;
HM Health Insurance Company, d/b/a Highmark Health Insurance Company;
HM Life Insurance Company; HMO of Northeastern Pennsylvania, Inc.,
d/b/a First Priority Health; Inter-County Health Plan, Inc.;
Inter-County Hospitalization Plan, Inc.; Keystone Health Plan West, Inc.;
United Concordia Companies, Inc.; United Concordia Dental Plans of Pennsylvania, Inc.;
United Concordia Life and Health Insurance Company

By UPE, a Pennsylvania nonprofit corporation

## RESPONSE TO INFORMATION REQUEST 4.6.14 FROM THE PENNSYLVANIA INSURANCE DEPARTMENT

## **REQUEST 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.

## **RESPONSE:**

UPE understands that a memorandum included in the confidential portion of the Form A filing outlines the projected surplus and RBC ratio for each Domestic Insurer (Volume II, Tab 8, page 8). The Pennsylvania Insurance Department has provided ranges of RBC which it uses to evaluate surplus adequacy of the Pennsylvania domiciled Blue Plans. Highmark currently operates in the "sufficient" range of 550-750% and is projected to remain in that range throughout the projection period. The Department has advised Highmark that it expects all Highmark insurance companies domiciled in Pennsylvania to maintain RBC of 300% or greater. For wholly-owned subsidiaries with surplus greater than \$10 million, the target RBC levels are within a range of 400-600%, at which level the companies are above the minimum levels requested by the Department.

**UPE** 120 Fifth Avenue Pittsburgh, PA 15222