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 PID INFORMATION REQUEST 2.1.8 FROM THE <u>PENNSYLVANIA INSURANCE DEPARTMENT</u>

REQUEST 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.

RESPONSE:

This response is based on the parties' understanding memoralized in the Affiliation Agreement that the transaction between WPAHS and Highmark will result in a change in governance control of WPAHS in exchange for consideration including Highmark extending loans and grants to WPAHS; and that the transaction will not result in any purchase of assets or assumption of liabilities. Based on this information and the assumption that the insurance will remain self-contained within WPAHS, it is not anticipated that any existing insurance policies of WPAHS will be immediately terminated or that any tail or extended reporting policy will be required. The insurers have indicated a willingness to waive any change in control limitations that may exist and allow such policies to expire at their natural expiration date. Once the transaction is complete and full details are known, determinations can be made relative to each policy renewal. As additional information is made available, it will be given to the insurers for review.

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