

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Aetna Inc. Requesting	:	Holding Companies Act, Article
Exemption from the Requirements of 40	:	XIV of the Insurance Company
P.S. §991.1402 for the Merger of Aetna	:	Law of 1921, Act of May 17, 1921,
Health of the Carolinas Inc. (a North	:	P.L. 682, <u>as amended</u> , 40 P.S.
Carolina Corporation) with and into Aetna	:	§§991.1401, 991.1402, and
Health Inc. (a Pennsylvania Corporation)	:	991.1403
	:	
	:	Order No. ID-RC-09-24

DECISION AND ORDER

AND NOW, on this 15th day of September, 2009, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Deputy Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

1. Aetna Health of the Carolinas Inc. (“AHI-NC”) is an unauthorized health maintenance organization (“HMO”) organized pursuant to the laws of the State of North Carolina with its principal place of business located in Charlotte, North Carolina.
2. Aetna Health Inc. (“AHI-PA”) is an authorized HMO organized under the laws of the Commonwealth of Pennsylvania, with its principal place of business located in Blue Bell, Pennsylvania.
3. Aetna Inc. (“Aetna”) is a business corporation organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Hartford, Connecticut. AHI-NC and AHI-PA are indirect wholly-owned subsidiaries of Aetna.
4. Aetna is the ultimate controlling person of AHI-NC and AHI-PA.

5. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all mergers or other acquisitions of control of domestic insurers, to include HMO’s, must be filed with the Department for approval or disapproval.
6. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction does not:
  - a) have the effect of changing or influencing the control of a domestic insurer, or
  - b) is otherwise not comprehended within the purposes of the section.
7. On July 31, 2009, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from Aetna for approval to cause AHI-NC to be merged with and into AHI-PA with AHI-PA being the survivor (the “Merger”).
8. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
9. On August 15, 2009, the Department published notice in the *Pennsylvania Bulletin* of receipt of the Request and invited interested persons to submit written comments to the Department regarding the Merger for a 30-day period, ending September 14, 2009.
10. The Department received no comments regarding the Merger during the 30-day comment period.
11. As provided in the Request, Aetna would remain the ultimate controlling person of AHI-PA following the Merger.
12. As provided in the Request, AHI-PA will obtain a foreign certificate of authority from the North Carolina Department of Insurance prior to the effective date of the Merger.
13. As provided in the Request, AHI-PA will obtain a foreign certificate of authority from the South Carolina Department of Insurance prior to the effective date of the Merger.
14. The Deputy Commissioner finds that the transaction described in the Request will not result in a change of control of a Pennsylvania domiciled HMO.

15. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

#### CONCLUSIONS OF LAW

1. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the acquisition of voting securities or merger of a domestic HMO if, after consummation thereof, a person would be in control of the domestic HMO.
2. The Request satisfies the requirements of all applicable laws and regulations.
3. The Merger proposed in the Request will not have the effect of changing or influencing the control of a domestic HMO and is, therefore, exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
4. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

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ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania, hereby makes the following Order:

An approving determination for the application of Aetna Inc. requesting exemption from the requirements of 40 P.S. §991.1402 for the merger of Aetna Health of the Carolinas Inc. (a North Carolina Corporation) with and into Aetna Health Inc. (a Pennsylvania Corporation) (“AHI-PA”), as set forth in the Request, is hereby granted subject to this Order and the following conditions:

1. AHI-PA shall obtain a foreign certificate of authority from the North Carolina Department of Insurance prior to the effective date of the Merger.
2. AHI-PA shall obtain a foreign certificate of authority from the South Carolina Department of Insurance prior to the effective date of the Merger.
3. A copy of the Articles of Merger shall be filed with the Deputy Commissioner not later than ten (10) days after their filing with the Pennsylvania Department of State.

This Order is effective immediately and valid for one year from the date of signature, provided there are no significant changes from the Request.

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STEPHEN J. JOHNSON  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation