

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402, and
	:	1403 of the Insurance Holding
Application of Cigna Corporation	:	Companies Act, Article XIV of the
Requesting Exemption from the	:	Insurance Company Law of 1921, Act of
Requirements of 40 P.S. §991.1402 for	:	May 17, 1921, P.L. 682, <u>as amended</u> , 40
the Restructuring of the Holding	:	P.S. §§991.1401, 991.1402, and
Company System that includes Cigna	:	991.1403
Dental Health of Pennsylvania, Inc.,	:	
Bravo Health Pennsylvania, Inc. and Life	:	
Insurance Company of North America	:	Order No. ID-RC-18-13

DECISION AND ORDER

AND NOW, on this 24th day of October, 2018, Joseph DiMemmo, 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

Identity of Parties

1. Cigna Dental Health of Pennsylvania, Inc. (“Cigna Dental”) is a domestic stock risk-assuming preferred provider organization that is not a licensed insurer organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Philadelphia, Pennsylvania.
2. Bravo Health Pennsylvania, Inc. (“Bravo Health”) is a domestic stock health maintenance organization organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Philadelphia, Pennsylvania.

3. Life Insurance Company of North America (“LINA”) is a domestic stock life insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Philadelphia, Pennsylvania. LINA, together with Cigna Dental and Bravo Health will be collectively referenced together as the “Domestic Insurer.”
4. Cigna Corporation (“Cigna”) is a Delaware corporation with its principal place of business in Bloomfield, Connecticut. The stock of Cigna is publicly traded on the New York Stock Exchange. No person owns or controls 10% or more of the voting securities of Cigna.
5. The Domestic Insurers are indirect wholly-owned subsidiaries of Cigna.
6. Cigna is the ultimate controlling person of the Domestic Insurers.

Newly-Formed Subsidiaries of Cigna

7. Halfmoon Parent, Inc. (“Holdco”) is a newly-formed Delaware corporation with its principal place of business in Bloomfield, Connecticut. Holdco is a direct wholly-owned subsidiary of Cigna.
8. Halfmoon I, Inc. (“Merger Sub 1”) is a newly-formed Delaware corporation with its principal place of business in Bloomfield, Connecticut. Merger Sub 1 is a direct wholly-owned subsidiary of Holdco.
9. Halfmoon II, Inc. (“Merger Sub 2”) is a newly-formed Delaware corporation with its principal place of business in Bloomfield, Connecticut. Merger Sub 2 is a direct wholly-owned subsidiary of Holdco.

Filing of the Application

10. On April 20, 2018, the Pennsylvania Insurance Department (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Application”) from Cigna for approval to restructure the insurance holding company system, which includes the Domestic Insurers.
11. 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 transactions affecting the control of a domestic insurer must be filed with the Department for approval or disapproval.
12. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

13. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction:
 - a) does not 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.

The Transaction

14. As described in the Application, on March 8, 2018, Cigna, Express Scripts Holding Company (“Express Scripts”), Holdco, Merger Sub 1 and Merger Sub 2 entered into an Agreement and Plan of Merger (“the Merger Agreement”).
15. As described in the Application and pursuant to the Agreement, Cigna’s holding company system will be restructured upon the closing of the following transactions contemplated by the Merger Agreement (collectively, the “Merger”):
 - a) Merger Sub 1 will merge with and into Cigna, the separate corporate existence of Merger Sub 1 will cease, and Cigna will continue as the surviving corporation. Each share of common stock of Merger Sub 1 will be converted automatically into one share of common stock of Cigna. Subject to certain customary exceptions, each share of common stock of Cigna will be converted into one share of common stock of Holdco. As a result, Cigna will become a direct, wholly-owned subsidiary of Holdco.
 - b) Concurrently, Merger Sub 2 will merge with and into Express Scripts, the separate corporate existence of Merger Sub 2 will cease, and Express Scripts will continue as the surviving corporation. Each share of common stock of Merger Sub 2 will be converted automatically into one share of common stock of Express Scripts. Subject to certain customary exceptions, each issued and outstanding share of common stock of Express Scripts will be converted automatically into 0.2434 of a share of common stock of Holdco and the right to receive \$48.75 in cash consideration, subject to applicable withholding taxes (together the “Merger Consideration”). As a result, Express Scripts will become a direct, wholly-owned subsidiary of Holdco.
16. Pursuant to the Merger Agreement and the filings to be made with the Secretary of State of the State of Delaware to implement the Merger, the consummation of the Merger will result in the certificate of incorporation and by-laws of each of the surviving companies being amended and restated in the form of the certificate of incorporation and the by-laws of the non-surviving merger sub companies.
17. As described in the Application, upon the closing of the Merger, Cigna-legacy shareholders collectively are expected to own approximately 64% of Holdco, and Express Scripts-legacy shareholders collectively are expected to own approximately

36% of Holdco.

18. As stated in the Application, upon closing of the transactions contemplated by the Merger Agreement, the board of directors of Holdco shall consist of 14 directors, comprising of:
 - a) Eight independent members of the board of directors of Cigna as of immediately prior to the closing,
 - b) The Chief Executive Officer of Cigna,
 - c) A named physician who was appointed as an independent director of Cigna, effective as of the earlier of December 1, 2018, or of the date on which the Merger is completed; and,
 - d) Four independent members of the Board of Directors of Express Scripts as of immediately prior to the closing.
19. As described in the Application, immediately after the Merger, Holdco will be renamed Cigna Corporation and Cigna will be renamed a name that is yet to be determined.
20. As described in the Application and subsequent to the Merger, Holdco would indirectly control 100% of the issued and outstanding stock of the Domestic Insurers.
21. As described in the Application, no person, as a result of receiving stock consideration in connection with the Merger, will control 10% or more of the voting securities of Holdco following the merger. Holdco would be the sole ultimate controlling person of the Domestic Insurers as a result of the Merger.
22. The Insurance Commissioner of the Commonwealth of Pennsylvania ("Commissioner") has delegated to the Deputy Insurance Commissioner the authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer.
23. The Deputy Commissioner finds that the transaction described in the Application would not have the effect of changing or influencing the control of a domestic insurer.
24. 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 a controlling interest of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Insurance Commissioner has delegated authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer to the Deputy Insurance Commissioner.
3. The Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
4. The Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
5. The restructuring of the holding company system that includes the Domestic Insurers as presented in the Application is not being contemplated to change or influence the control of the Domestic Insurers, and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
6. 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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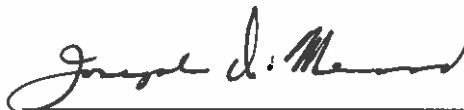
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Insurance Company of North America Order No. ID-RC-18-13

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 Cigna Corporation requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of the holding company system that includes Cigna Dental Health of Pennsylvania, Inc., Bravo Health Pennsylvania, Inc. and Life Insurance Company of North America, as set forth in the application, is hereby granted.

This Order is effective immediately and valid for one (1) year from the date of signature, provided there are no material changes to the representations provided in the application.



JOSEPH DIMEMMO
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation

