

**BEFORE THE INSURANCE DEPARTMENT
OF THE
COMMONWEALTH OF PENNSYLVANIA**

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

**Hospital Service Association of Northeastern Pennsylvania
d/b/a Blue Cross of Northeastern Pennsylvania;
First Priority Life Insurance Company, Inc.;
HMO of Northeastern Pennsylvania, Inc.,
d/b/a First Priority Health**

By Highmark Inc.

**HIGHMARK INC. (“Highmark”) RESPONSE TO INFORMATION
REQUEST 5.2.18.2 FROM
THE PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 5.2.18.2:

With regard to any Joint Ventures in effect since January 2012: Please describe what will change operationally and substantively with each Joint Venture, if the Transaction is approved and what transition path is proposed for each current Joint Venture with the merged operation.

RESPONSE:

Highmark certifies to the best of its knowledge, information and belief as follows:

Highmark’s vision for the Joint Ventures, FPLIC and FPH, is to retain these companies but to streamline the operating structure.

Upon closing of the proposed Transaction, BCNEPA will merge with and into Highmark, and FPLIC and FPH will become wholly owned subsidiaries of Highmark. Highmark anticipates that all underwritten business at FPLIC and FPH will be ceded to Highmark under a 100% quota share reinsurance agreement. This is consistent with Highmark’s broader strategy to simplify its operating structure.

Neither FPLIC nor FPH has separate offices or employees; both receive services from BCNEPA through an administrative services agreement. After the closing of the Transaction, the FPLIC and FPH subsidiaries will receive the same services from Highmark. There are no anticipated changes in this approach as a result of the Transaction.

**Highmark Inc.
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