

**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 5.1.4.1 FROM  
THE PENNSYLVANIA INSURANCE DEPARTMENT**

**REQUEST 5.1.4.1:**

**Provide an analysis for each Highmark Entity and BCNEPA Entity of the adequacy  
of capital and liquidity so as to meet relevant requirements:**

**In connection with such analysis, describe the assumptions underlying the analysis  
and the reasonableness of such assumptions.**

**RESPONSE:**

Highmark certifies that to the best of its knowledge, information and belief, the assumptions underlying the analysis are contained in Tab 9 of the Confidential Supplement to Form A; and that additional detail regarding the assumptions is summarized in the Business Plan for Acquisitions, Merger, and Redomestications in Exhibit C of the DOI 135 filing set forth in Tab 9 of the Confidential Supplement to the Form A.

Highmark believes that the assumptions are reasonable because they are predicated on the results of a formal three year forecasting process. This process includes procedures and protocols that provide for a detailed build-up of the financial results as well as broad review of the assumptions from various Highmark departments, including financial, actuarial and executive management. Finally, the baseline assumptions are reviewed and ultimately approved by Highmark’s Board of Directors.

**Highmark Inc.  
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