

**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 3.1 FROM
THE PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 3.1:

Describe: (i) all steps and process undertaken by or for Highmark that satisfy the obligation of Highmark to conduct a Commercially Reasonable Process (as defined in the 2013 Highmark Order) to evaluate and assess the benefits and risks to policyholders, subscribers or other stakeholders, as applicable, and whether the Financial Commitment to be undertaken in connection with the Transaction furthers and is consistent with the Highmark Entity's nonprofit mission, if the Highmark Entity is exempt from Federal taxation pursuant to Section 501(e)(3) of the Internal Revenue Code; and (ii) how the terms of any Financial Commitment shall satisfy the provisions of 40 P.S. § 991.1405, as if the Financial Commitment transaction were made or agreed to be made between or among members of the holding company system.

RESPONSE:

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

Highmark’s due diligence process, which it believes to have been a Commercially Reasonable Process, is described in Highmark’s confidential response to Request 7.4. As noted in Highmark’s response to Request 5.3.5.5, a full and complete report of Highmark’s due diligence findings in connection with the Transaction was presented to Highmark’s Board of Directors at a meeting of the Board held on February 13, 2014, and a copy of the written materials provided to the Board at that meeting is included at Tab 6 of the Confidential Supplement to the Form A.

Highmark believes that the terms of any Financial Commitment with respect to the Transaction satisfy the provisions of 40 P.S. § 991.1405, as if the Financial Commitment transaction were made or agreed to be made between or among members of the holding company system, for the reasons set forth in Highmark's confidential response to Request 2.1.9.

**Highmark Inc.
Fifth Avenue Place
120 Fifth Avenue
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