

**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.

**BCNEPA RESPONSE TO SUPPLEMENTAL INFORMATION REQUEST
2.1.8 FROM
THE PENNSYLVANIA INSURANCE DEPARTMENT**

SUPPLEMENTAL REQUEST 2.1.8 (via letter from PID dated August 27, 2014)

Required Action:

- (1) **Please provide a response to this Request addressing the effect of the Transaction on any existing insurance policies of the Highmark Entities or BCNEPA Entities.**
- (2) **For any policies for which consents may be required in connection with the Transaction, provide an analysis of whether such consents are to be obtained and the timing thereof, and if not, the affect or the risk of not obtaining such consents.**

RESPONSE:

BCNEPA hereby supplements its prior response to this Request.

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

- (1) The insurance policies listed as numbers 66 through 72 on Section 2.1(b)(ii)(C) of the BCNEPA Disclosure Letter all require consent to assign the policy to Highmark after the Merger closes. If an insurance policy does not require consent, the policy will continue in effect after close of the Transaction unless Highmark terminates the policy.

(2) BCNEPA has not sought consent to assign any insurance policies because Highmark has indicated that it intends to incorporate all prior BCNEPA coverages into Highmark policies by purchasing retroactive coverage matching BCNEPA's current policy coverages. Additionally, Highmark has indicated that it will work with its insurance brokers in advance to review all existing BCNEPA policies so that Highmark can purchase the appropriate additional coverage at the closing of the Transaction. Highmark has also stated that the existing BCNEPA directors and officers will be fully covered under Highmark's existing policies as of the closing of the Transaction.

**Hospital Service Association of
Northeastern Pennsylvania
d/b/a Blue Cross of Northeastern
Pennsylvania ("BCNEPA")
19 North Main Street
Wilkes-Barre, PA 18711**