

**BEFORE THE ACTING INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA**

In Re: : Pursuant to Sections 1401, 1402, and
: 1403 of the Insurance Holding
Application of CVS Caremark : Companies Act, Article XIV of the
Corporation in Support of the Request for : Insurance Company Law of 1921, Act of
Approval to Acquire Control of : May 17, 1921, P.L. 682, as amended, 40
Pennsylvania Life Insurance Company : P.S. §§991.1401, 991.1402, and 991.1403
:
:
: Order No. ID-RC-11-05

DECISION AND ORDER

AND NOW, on this 15th day of April, 2011, Michael F. Consedine, Acting Insurance Commissioner of the Commonwealth of Pennsylvania (“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 Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of the Parties

1. Pennsylvania Life Insurance Company (“PLIC”) is a domestic stock life insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located at Rye Brook, New York.
2. UAC Holding, Inc. is an insurance holding company organized pursuant to the laws of the State of Delaware with its principal place of business located in Rye Brook, New York. PLIC is a direct wholly-owned subsidiary of UAC Holding, Inc.
3. Universal American Spin Corp. (“Newco”) is a newly-formed business corporation organized pursuant to the laws of the State of Delaware with its principal place of business located in Rye Brook, New York.

4. Universal American Corp. (“UAC”) is a business corporation organized pursuant to the laws of the State of New York with its principal place of business located in Rye Brook, New York. Universal American is publicly traded on the New York Stock Exchange. UAC Holding, Inc. and Newco are direct wholly-owned subsidiaries of Universal American.
5. Ulysses Merger Sub, L.L.C. (“Merger Sub”) is a newly-formed limited liability company organized pursuant to the laws of the State of New York with its principal place of business located in Rye Brook, New York.
6. Caremark Rx, L.L.C. (“Caremark Rx”) is a limited liability company organized pursuant to the laws of the State of Delaware with its principal place of business located in Woonsocket, Rhode Island. Merger Sub is a direct wholly-owned subsidiary of Caremark Rx.
7. CVS Caremark Corporation (“Applicant”) is a business corporation organized pursuant to the laws of the State of Delaware with its principal place of business located in Woonsocket, Rhode Island. Caremark Rx is an indirect wholly-owned subsidiary of Applicant.
8. The stock of Applicant is publicly traded on the New York Stock Exchange. No person owns 10% or more of the voting securities of Applicant.

Acquisition Filing

9. 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 changes in control of domestic insurers must be filed with the Department for approval or disapproval.
10. On February 14, 2011, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an application (which together with all material received subsequently is collectively referenced as “Application”) from Applicant for approval to acquire control of PLIC.
11. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

Department Procedures

12. On February 26, 2011, the Department published notice in the Pennsylvania Bulletin that the Application was submitted by Applicant and such notice invited interested persons to submit comments to the Department regarding the Application for 30 days following the date of the publication (“Comment

Period”).

13. The Department received no comments during the Comment Period.

Description of the Proposed Acquisition

14. As described in the Application, on December 30, 2010, Applicant, Merger Sub and UAC entered into an Agreement and Plan of Merger (“Agreement”).
15. As described in the Agreement:
 - a) Merger Sub will be merged with and into UAC with each share of Merger Sub issued and outstanding to Caremark Rx immediately prior to the effective date of the merger being converted into one share of UAC on the effective date,
 - b) all shareholders of UAC immediately prior to the effective date of the merger shall be converted into the right to receive cash and common stock of Newco, and
 - c) UAC will become a wholly-owned subsidiary of Caremark Rx.
16. As described in the Application, Applicant would become the ultimate controlling person of PLIC.

Standards for Review

17. Section 1402(f)(1) of the Insurance Holding Companies Act establishes the standards for approval of an application for a change in control of a domestic insurer.

Licensing Requirements

18. When analyzing an application for change in control under Section 1402 of the Insurance Holding Companies Act, the Commissioner reviews the requirements for continued licensure of the domestic insurer being acquired.
19. The lines of insurance for which an insurance company may be incorporated and become licensed to write are set out in Section 202 of the Insurance Company Law (40 P.S. §382).
20. The minimum paid up capital stock and paid in surplus required of a stock insurer for each line of insurance is set out in Section 206 of the Insurance Company Law (40 P.S. §386).

21. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), PLIC is required to maintain a minimum paid up capital stock of \$1,100,000 and a minimum paid in surplus of \$550,000 to write the lines of insurance for which it is presently licensed.
22. As of December 31, 2010, PLIC maintained the statutory minimum capitalization to satisfy the requirements to write the lines of insurance for which it is presently licensed.
23. Upon completion of the transaction, PLIC will have the statutory minimum capitalization to satisfy the requirements to write the lines of insurance for which it is presently licensed.

Competitive Impact

24. The acquisition of control of PLIC is subject to review and analysis under Section 1403 of the Insurance Holding Companies Act to determine whether the effect of the acquisition of control would be to substantially lessen competition or tend to create a monopoly in the Commonwealth.
25. The acquisition of control of PLIC will not lessen competition or tend to create a monopoly in the Commonwealth because the market share of Applicant, as stated in its Application, does not exceed the market share levels established in Section 1403 of the Insurance Holding Companies Act.

Financial Condition of Applicant

26. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the financial condition of the acquiring person(s).
27. The Department has reviewed the annual financial statement submitted by Applicant as of December 31, 2010.
28. As of December 31, 2010, Applicant reported:

Assets of \$62,169 million
Liabilities of \$24,469 million
Total Equity of \$37,700 million

29. The financial condition of Applicant will not pose any impediments to the change in control nor jeopardize the financial condition of PLIC.

Plans for the Acquired Insurer

30. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the plans or proposals which the acquiring party has for the insurer.
31. As stated in the Application, Applicant has no plans or proposals to liquidate PLIC, to sell its assets, to merge or consolidate it with any person or persons, or to make any other material change in its business operations or corporate structure or management.

Management

32. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the competence, experience and integrity of the persons who will control the operations of the acquired insurer.
33. Biographical affidavits for all directors and executive officers of Applicant were reviewed by the Department.
34. Biographical affidavits for proposed new directors and executive officers of PLIC were also reviewed by the Department.
35. The Department is satisfied that the persons who would control the operations of PLIC have such competence, experience and integrity that the interests of policyholders and the public would not be jeopardized.
36. 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 change in control of PLIC.
2. Under Section 1402 of the Insurance Holding Companies Act, the Department must approve an application for a change in control unless the Department has found that:
 - a) The insurer will not be able to satisfy the requirements for the issuance of a license to operate the line or lines of business for which they are presently licensed;

- b) The change in control will substantially lessen competition in insurance in this Commonwealth or tend to create a monopoly therein;
 - c) The financial condition of the acquiring company is such as might jeopardize the financial stability of the insurer or prejudice the interests of its policyholders;
 - d) Any plans to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make material changes in its business or corporate structure or management are unfair and unreasonable to policyholders of the insurers and not in the public interest;
 - e) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders and the general public to permit the acquisition of control; or,
 - f) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.
 - g) The acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A, Insurance Company Mutual-to-Stock Conversion Act.
3. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner has not found that any of the above conditions are present with respect to the change in control of PLIC.
4. 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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ORDER

Upon consideration of the foregoing, the Acting Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) hereby makes the following Order:

The application of CVS Caremark Corporation in support of the request for approval to acquire control of Pennsylvania Life Insurance Company as set forth in the Application, is hereby approved, subject to this Order and the following condition:

CVS Caremark Corporation shall provide to the Department a list of closing documents within five (5) days after consummation of the subject transaction and shall maintain the listed documents and make them available to the Department for a period of not less than five (5) years from the date of consummation.

This Order is effective immediately and valid for one (1) year, provided no material changes are made to the transaction prior to consummation. This one year limitation does not apply to any conditions prescribed by the Department in the Order.

Michael F. Consedine
Acting Insurance Commissioner
Commonwealth of Pennsylvania