

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Spartan Plan Holdings,	:	Holding Companies Act, Article
LLC Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 for the	:	Law of 1921, Act of May 17, 1921,
Merger of Spartan Plan PA, Inc. with and	:	P.L. 682, <u>as amended</u> , 40 P.S.
into Spartan Plan VA, Inc.	:	§§991.1401, 991.1402, and
	:	991.1403
	:	:
	:	Order No. ID-RC-20-01

DECISION AND ORDER

AND NOW, on this 7th day of February 2020, Joseph DiMemmo, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy 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 Deputy Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of the Parties

1. Spartan Plan PA, Inc. (“SPPA”) is a domestic health maintenance organization (“HMO”) organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business in Glen Allen, Virginia.
2. Spartan Plan IL, Inc. (“SPIL”) is a foreign HMO organized pursuant to the laws of Illinois with its principal place of business in Glen Allen, Virginia. SPIL currently directly holds 100% of the issued and outstanding stock of SPPA.

3. Spartan Plan VA, Inc. ("SPVA") is a foreign HMO organized pursuant to the laws of Virginia with its principal place of business in Glen Allen, Virginia. SPVA is authorized to transact HMO business in the Commonwealth of Pennsylvania and currently directly holds 100% of the issued and outstanding stock of SPIL.
4. Spartan Plan Holdings, LLC ("SPH") is a limited liability company organized pursuant to the laws of Delaware with its principal place of business in Glen Allen, Virginia. SPH currently directly holds 100% of the issued and outstanding stock of SPVA.

Filing of the Application

5. On December 27, 2019, the Insurance Department of the Commonwealth of Pennsylvania ("Department") received an initial request (which together with all material received subsequently is collectively referenced as "Application") from SPH for approval to merge SPPA with and into SPVA with SPVA being the survivor (the "Merger").
6. 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 mergers or other acquisitions of control of domestic insurers must be filed with the Department for approval or disapproval.
7. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
8. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction:
 - a. does not have the effect of changing or influencing the control of a domestic insurer, or
 - b. is otherwise not comprehended within the purposes of the section.

Department Procedures

9. On January 11, 2020, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by SPH and such notice invited interested persons to submit comments to the Department regarding the Application for seven (7) days following the date of the publication ("Comment Period").
10. The Department received no comments regarding the Application during the Comment Period.

The Transaction

11. As described in the Application, a Plan of Merger (“Merger Agreement”) was adopted by the board of directors of SPVA and SPPA on January 23, 2020.
12. As described in the Application, the Merger Agreement was approved by SPH, the sole shareholder of SPVA, and by SPIL, the sole shareholder of SPPA on January 23, 2020.
13. The Merger Agreement provides for SPPA to merge with and into SPVA, with SPVA being the surviving corporation.
14. As described in the Application, upon the effective date of the merger, SPVA shall acquire all of the assets of SPPA and assume all of the debts and other liabilities of SPPA.
15. As described in the Application, the articles of incorporation and by-laws of SPVA in effect immediately prior to the merger shall be the articles of incorporation and by-laws of SPVA upon the effective date of the merger.
16. As described in the Application, the members of the board of directors and the officers of SPVA prior to the merger shall be the members of the board of directors and the officers of SPVA after the merger.
17. As described in the Application, each share of SPPA common stock issued and outstanding immediately prior to the effective date of the merger shall be cancelled and extinguished without consideration.
18. As described in the Application, SPH would continue to own 100% of the issued and outstanding stock of SPVA upon completion of the merger, and there would be no change to the ultimate controlling persons.
19. The Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) has delegated to the Deputy Commissioner the authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer.
20. The Deputy Commissioner finds that the transaction described in the Application will not result in a change of control of a Pennsylvania domiciled insurer.
21. 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 merger of SPPA with and into SPVA.
2. Under Section 1402(g) of the Insurance Holding Companies Act, the Department shall exempt a merger from the requirements of Section 1402 if the merger does not have the effect of changing or influencing the control of a domestic insurer.
3. Pursuant to Section 1402(g) of the Insurance Holding Companies Act, the Deputy Commissioner concludes that the proposed merger does not change the ultimate controlling person of the parties to the merger and, therefore, is exempt from the requirements of the Insurance Holding Companies Act.
4. The Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
5. The Application satisfies the requirements of the Insurance Holding Companies Act.
6. 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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: 991.1403
: :
: Order No. ID-RC-20-01

ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania hereby makes the following Order:

An approving determination for the application of Spartan Plan Holdings, LLC (“SPH”) requesting exemption from the requirements of 40 P.S. §991.1402 for the merger of Spartan Plan PA, Inc. with and into Spartan Plan VA, Inc., is hereby granted subject to this Order and the following conditions:

1. SPH shall submit any changes made to the draft Plan of Merger provided with the Application to the Deputy Insurance Commissioner prior to the execution of the changed document.
2. An approving determination must be granted by the Virginia Bureau of Insurance before the Statement of Merger is filed with the Pennsylvania Department of State. A certified copy of the Virginia Bureau of Insurance approval shall be provided to the Deputy Insurance Commissioner within three (3) business days of receipt by SPH.
3. SPH shall file a copy of the Statement of Merger, as filed with and stamped as received by the Pennsylvania Department of State, with the Deputy Insurance Commissioner within ten (10) days of receipt from the Pennsylvania Department of State.
4. This transaction may be recorded as effective for accounting purposes as of the first day of the calendar quarter in which the merger is consummated.

This Order is effective immediately and valid for one (1) year from the date of signature, provided there are no material changes to the representations provided in the Application.



A handwritten signature in blue ink, appearing to read "Joseph D. Dimemmo".

JOSEPH DIMEMMO
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation