

**BEFORE THE INSURANCE DEPARTMENT  
OF THE  
COMMONWEALTH OF PENNSYLVANIA**

Statement Regarding the Acquisition of Control of or Merger with  
Domestic Insurers:

Highmark Inc.; First Priority Life Insurance Company, Inc.;  
Gateway Health Plan, Inc.; Highmark Casualty Insurance Company;  
Highmark Senior Resources Inc.; HM Casualty Insurance Company;  
HM Health Insurance Company, d/b/a Highmark Health Insurance Company;  
HM Life Insurance Company; HMO of Northern Pennsylvania, Inc.,  
d/b/a First Priority Health; Inter-County Health Plan, Inc.;  
Inter-County Hospitalization Plan, Inc.; Keystone Health Plan West, Inc.;  
United Concordia Companies, Inc.; United Concordia Dental Plans of Pennsylvania, Inc.;  
United Concordia Life and Health Insurance Company

By UPE, a Pennsylvania nonprofit corporation

**RESPONSE TO PID INFORMATION REQUEST 5.5.1 FROM THE  
PENNSYLVANIA INSURANCE DEPARTMENT**

**REQUEST 5.5.1:**

**Describe the powers that will be reserved to UPE as the sole member of UPE  
Provider Sub.**

**RESPONSE:**

The reserved powers that UPE will hold over UPE Provider Sub as the sole member of UPE Provider Sub are as set forth in Section 3.3 of the proposed Amended and Restated Bylaws of UPE Provider Sub. A copy of Section 3.3 of the Amended and Restated Bylaws is attached as Attachment A.

**UPE**  
120 Fifth Avenue  
Pittsburgh, PA 15222

# **ATTACHMENT A (Request 5.5.1)**

**3.3 Powers.** The following rights and powers are reserved to the Member:

(a) Subject to the provisions of Section 4.3 of these Bylaws, to determine the number of directors that will comprise the Board of Directors of the Corporation and its subsidiaries;

(b) Subject to the provisions of Sections 4.3 and 4.4 of these Bylaws, to nominate and elect the directors of the Corporation and to approve the election of the Corporation's subsidiaries' directors;

(c) Subject to Section 4.7(b) of these Bylaws, to remove any of the directors of the Corporation or its subsidiaries, with or without cause, and to approve any recommendation to remove a director, and to replace any such removed director for the unexpired portion of his or her term;

(d) To approve the election, re-election and removal of all Officers, including the Chief Executive Officer, of the Corporation and its subsidiaries in accordance with Article V;

(e) To amend, revise or restate the Corporation's or its subsidiaries' Articles of Incorporation and Bylaws, and to approve all amendments or revisions to the Corporation's or subsidiaries' Articles of Incorporation and Bylaws that may be proposed or approved by the Board of Directors of the Corporation before they become effective;

(f) To adopt or change the mission, purpose, philosophy or objectives of the Corporation or its subsidiaries;

(g) To change the general structure of the Corporation or its subsidiaries as a voluntary, nonprofit corporation;

(h) To (i) dissolve, divide, convert or liquidate the Corporation or its subsidiaries, (ii) consolidate or merge the Corporation or its subsidiaries with another corporation or entity, or (iii) sell or acquire assets, whether in a single transaction or series of transactions, where the consideration exceeds 1% of the Corporation's or the relevant subsidiary's total assets, and (iv) approve any of the foregoing actions that may be proposed by the Board of Directors of the Corporation before such action becomes effective;

(i) To approve the annual capital and operating budgets of the Corporation and its subsidiaries, and any amendments thereto or significant variances therefrom;

(j) To approve the incurrence of debt and capital expenditures by the Corporation or its subsidiaries in excess of an amount equal to or greater than one quarter of 1% of the annual operating budget of the Corporation or its subsidiaries if such debt or capital expenditure is not included in the Corporation's or subsidiaries' approved budgets, whether in a single transaction or a series of related transactions;

(k) To approve any donation or any other transfer of the Corporation's or its subsidiaries' assets, other than to the Member or to the Corporation by its subsidiaries, in excess of \$10,000.00, unless specifically authorized in the Corporation's or its subsidiaries' approved budgets;

(l) To select and appoint auditors and legal counsel of the Corporation and its subsidiaries;

(m) To initiate and approve strategic plans and mission statements of the Corporation and its subsidiaries;

(n) To initiate and approve investment policies and capital campaigns of the Corporation and its subsidiaries;

(o) To initiate and approve the closure or relocation of a licensed health care facility of the Corporation or its subsidiaries;

(p) To initiate and approve the formation or dissolution of subsidiary corporations of the Corporation and of partnerships and joint ventures in which the Corporation and its subsidiaries have an ownership interest; and

(q) To give such other approvals and take such other actions as are specifically reserved to members of Pennsylvania nonprofit corporations under the Nonprofit Corporation Law.