

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of MedAmerica, Inc.	:	Holding Companies Act, Article
Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 to	:	Law of 1921, Act of May 17, 1921,
Increase its Percentage of Control of	:	P.L. 682, <u>as amended</u> , 40 P.S.
MedAmerica Insurance Company	:	§§991.1401, 991.1402, and
	:	991.1403
	:	
	:	
	:	Order No. ID-RC-12-17

DECISION AND ORDER

AND NOW, on this 27th day of November, 2012, Stephen J. Johnson, 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. MedAmerica Insurance Company (“MAIC”) is a domestic stock life insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Rochester, New York.
2. Excellus Ventures, Inc. (“EV”) is a foreign corporation organized under the laws of New York with its principal place of business in Rochester, New York. EV currently holds 18.0% of the issued and outstanding stock of MAIC.

3. MedAmerica, Inc. (“MA”) is a foreign corporation organized under the laws of New York with its principal place of business in Rochester, New York. MA currently holds 82.0% of the issued and outstanding stock of MAIC.
4. Excellus Health Plan, Inc. (“EHP”) is a foreign corporation organized under the laws of New York with its principal place of business in Rochester, New York. EHP currently holds 99.984% of EV.
5. Lifetime Healthcare, Inc. (“UCP”) is a foreign not-for-profit holding company organized under the laws of New York with its principal place of business in Rochester, New York. UCP currently directly holds 0.016% of the issued and outstanding stock of EV and indirectly holds 100% of the issued and outstanding capital stock of MA.
6. UCP is the sole ultimate controlling person of MAIC.

#### Filing of the Application

7. On November 16, 2012, 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 MA for approval to increase its percentage of control over MAIC.
8. 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 transactions affecting the control of a domestic insurer must be filed with the Department for approval or disapproval.
9. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
10. 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.

#### The Transaction

11. As described in the Application, MA currently holds 82.0% of the issued and outstanding stock of MAIC.

12. As described in the Application, the contemplated transaction calls for EV to make a distribution of its ownership interests in MAIC to its shareholders (“the Transaction”).
13. As described in the Application and as part of the Transaction, EV would distribute 131,579.38 shares of MAIC to EHP.
14. As described in the Application and as part of the Transaction, EV would distribute 20.62 shares of MAIC to UCP.
15. As described in the Application and as part of the Transaction, because UCP’s proportion equates to less than 100 shares, UCP would receive cash consideration instead of MAIC shares.
16. As described in the Application and as part of the Transaction, EHP would then contribute its MAIC shares to MA.
17. As described in the Application, upon completion of the Transaction, MA would hold 100% of the issued and outstanding stock of MAIC.
18. As described in the Application, upon completion of the Transaction, UCP would remain the sole ultimate controlling person of MAIC.
19. The Deputy Commissioner finds that the transactions described in the Application would not have the effect of changing or influencing the control of a domestic insurer.
20. 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 acquisition of controlling securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
3. The Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
4. The transaction is not being contemplated to change or influence the ultimate control of the a domestic insurer, and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
5. 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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	:	
	:	
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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 MedAmerica, Inc. requesting exemption from the requirements of 40 P.S. §991.1402 for the increase in its percentage of control of MedAmerica Insurance Company, as set forth in the Application, is hereby granted.

This Order is effective immediately and valid for one year, provided there are no material changes to the representations provided in the application.

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STEPHEN J. JOHNSON  
Deputy Insurance Commissioner