

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402, and 1403 of the Insurance
Application of Highmark Inc. Requesting Exemption from the Requirements of 40 P.S. § 991.1402 for the Merger of Highmark Select Resources Inc. with and into Highmark Inc.	:	Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, <u>as amended</u> , 40 P.S. §§ 991.1401, 991.1402, and 991.1403
	:	Order No. ID-RC-22-03

DECISION AND ORDER

AND NOW, on this 27th day of April 2022, Melissa Greiner, 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. Highmark Select Resources Inc. (“HSR”) is a domestic stock life insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Pittsburgh, Pennsylvania.
2. Highmark Inc. (“HI”) is a domestic health plan corporation organized pursuant to the laws of Pennsylvania with its principal place of business in Pittsburgh,

Pennsylvania. HI currently directly holds 100% of the issued and outstanding stock of HSR.

3. Highmark Health (“HH”) is a nonprofit corporation organized pursuant to the laws of Pennsylvania with its principal place of business in Pittsburgh, Pennsylvania. HH currently is the sole corporate member of HI.

Filing of the Application

4. On December 13, 2021, 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 HI for approval to merge HSR with and into HI with HI being the survivor (the “Merger”).
5. 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.
6. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
7. 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

8. On March 12, 2022, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by HI and such notice invited interested persons to submit comments to the Department regarding the Application for thirty (30) days following the date of the publication (“Comment Period”).
9. The Department received no comments regarding the Application during the Comment Period.

The Transaction

10. As described in the Application, a Plan of Merger (“Merger Agreement”) was adopted by the board of directors of HI and HSR on December 8, 2021.

11. As described in the Application, the Merger Agreement was approved by HH, the sole corporate member of HI, and by HI, the sole shareholder of HSR on December 8, 2021.
12. The Merger Agreement provides for HSR to merge with and into HI, with HI being the surviving corporation.
13. As described in the Application, upon the effective date of the merger, HI shall acquire all of the assets of HSR and assume all of the debts and other liabilities of HSR.
14. As described in the Application, the articles of incorporation and by-laws of HI in effect immediately prior to the merger shall be the articles of incorporation and by-laws of HI upon the effective date of the merger.
15. As described in the Application, the members of the board of directors and the officers of HI prior to the merger shall be the members of the board of directors and the officers of HI after the merger.
16. As described in the Application, each share of HSR common stock issued and outstanding immediately prior to the effective date of the merger shall be cancelled and extinguished without consideration.
17. As described in the Application, HH would continue to be the sole corporate member of HI upon completion of the merger, and there would be no change to the ultimate controlling person.
18. 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.
19. The Deputy Commissioner finds that the transaction described in the Application will not result in a change of control of a Pennsylvania domiciled 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 merger of HSR with and into HI.
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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In Re:	:	Pursuant to Sections 1401, 1402, and 1403 of the Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, <u>as amended</u> , 40 P.S. §§ 991.1401, 991.1402, and 991.1403
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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 Highmark Inc. ("HI") requesting exemption from the requirements of 40 P.S. § 991.1402 for the merger of Highmark Select Resources Inc. with and into HI, is hereby granted subject to this Order and the following conditions:

1. HI 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. HI 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.
3. 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.



Melissa L Greiner

MELISSA GREINER
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation