

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

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

**Hospital Service Association of Northeastern Pennsylvania
d/b/a Blue Cross of Northeastern Pennsylvania;
First Priority Life Insurance Company, Inc.;
HMO of Northeastern Pennsylvania, Inc.,
d/b/a First Priority Health**

By Highmark Inc.

**HIGHMARK INC. ("Highmark") RESPONSE TO INFORMATION
REQUEST 2.7.1 FROM
THE PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 2.7.1:

In addition to the Change of Control of the Domestic Insurers contemplated by the Form A, specifically identify any other transactions or agreements for which the Applicant, any other Highmark Entity or any BCNEPA Entity is requesting approval of the Department in connection with the Form A (the "Other Requested Transactions").

RESPONSE:

Highmark certifies as follows:

In addition to the Change of Control of the Domestic Insurers contemplated by the Form A, Highmark intends on or after the Closing to enter into administrative services agreements with both FPH and FPLIC pursuant to which Highmark will provide a full slate of administrative services to FPH and FPLIC. Additionally, on or after the Closing Highmark intends to enter into a reinsurance agreement with each of FPH and FPLIC pursuant to which Highmark will assume 100% of the risk on all insurance policies written by FPH and FPLIC in exchange for 100% of the premium received by FPH and FPLIC less an agreed upon ceding allowance.

**Highmark Inc.
Fifth Avenue Place
120 Fifth Avenue
Pittsburgh, PA 15222**