

**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 2.5.3.3 FROM
THE PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 2.5.3.3:

**Explain in detail the criteria used in determining the nature and structure of the
Transaction, and provide a copy of all Expert Opinions relating thereto.**

RESPONSE:

Highmark certifies to the best of its knowledge, information and belief as follows:

The nature and structure of the Transaction were determined by negotiation between Highmark and BCNEPA. While Highmark did not obtain any Expert Opinions with respect to these matters, Highmark used its experience from other transactions and assessed the Transaction against the following criteria:

- Ability to deliver seamless products, administration and service across service areas
- Operational efficiency
- Governance
- Financial management
- Employee impacts
- Market disruption
- Integration cost
- Term

Highmark concluded that the Transaction will assure seamlessness in products, administration and service delivery across Highmark’s service areas; promote operational efficiency; and align strategic and governance interests. Highmark also concluded that the

Transaction will permit consolidated financial management; promote cultural integration and career growth for employees; and avoid disruption for regional and national customers. Highmark concluded further that the Transaction presents a cost-effective and perpetual solution. Finally, Highmark determined that, for BCNEPA, the Transaction will allow for an efficient transition of the BCNEPA assets and business to a strong, financially stable partner with the resources and demonstrated experience to assure the continuation in both the near-term and the long-term of BCNEPA's mission and commitments to the communities currently served by BCNEPA.

**Highmark Inc.
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