

**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 5.1.4 FROM
THE PENNSYLVANIA INSURANCE DEPARTMENT**

REQUEST 5.1.4:

**Provide an analysis for each Highmark Entity and BCNEPA Entity of the
adequacy of capital and liquidity so as to meet relevant requirements.**

RESPONSE:

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

Highmark has sufficient liquidity to cover its working capital needs, debt service requirements and any other unforeseen economic events. Highmark has cash of approximately \$424 million and investments (debt and equities) totaling \$2.9 billion as of March 2014. Tab 9 of the Confidential Supplement to Form A includes a memorandum outlining the adequacy of capital for Highmark as measured by RBC.

The schedule attached hereto provides additional detail on the capital, surplus, and net worth balance compared to the minimum statutory requirements for Highmark and each of Highmark’s Pennsylvania domiciled insurance company subsidiaries and affiliates.

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

Divider Page

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	Capital Balance			Surplus Balance			Net Worth Balance		
	Q1 2014	Requirement	Satisfy?	Q1 2014	Requirement	Satisfy?	Q1 2014	Requirement	Satisfy?
Highmark Inc.	-	-	Yes	-	-	Yes	4,407,850	25	Yes
HMO of Northeastern Pennsylvania, Inc.	432	-	Yes	49,500	-	Yes	71,558	1,500	Yes
First Priority Life Insurance Company, Inc.	1,837	1,100	Yes	118,757	550	Yes	134,049	1,650	Yes
Gateway Health Plan, Inc.	-	-	Yes	114,330	-	Yes	230,185	1,500	Yes
Highmark Casualty Insurance Company	2,500	850	Yes	21,250	425	Yes	164,543	1,275	Yes
Highmark Senior Resources Inc.	2,000	1,100	Yes	36,000	550	Yes	3,211	1,650	Yes
HM Casualty Insurance Company	1,000	850	Yes	1,000	425	Yes	7,680	1,275	Yes
HM Health Insurance Company	2,500	1,100	Yes	41,438	550	Yes	167,617	1,650	Yes
HM Life Insurance Company	3,000	1,100	Yes	174,338	550	Yes	287,772	1,650	Yes
Inter-County Health Plan, Inc.	-	-	Yes	2,295	-	Yes	2,716	25	Yes
Inter-County Hospitalization Plan	-	-	Yes	2,655	-	Yes	5,386	-	Yes
Keystone Health Plan West, Inc.	-	-	Yes	37,033	-	Yes	287,019	1,500	Yes
United Concordia Companies, Inc.	1,100	1,100	Yes	72,650	550	Yes	392,680	1,650	Yes
United Concordia Dental Plans of Pennsylvania, Inc.	1	-	Yes	4,371	-	Yes	2,202	100	Yes
United Concordia Life and Health Insurance Company	1,500	1,100	Yes	10,444	550	Yes	246,567	1,650	Yes