

**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 SUPPLEMENTAL  
INFORMATION REQUEST 2.1.8 FROM  
THE PENNSYLVANIA INSURANCE DEPARTMENT**

**SUPPLEMENTAL REQUEST 2.1.8 (via letter from PID dated August 27, 2014)**

**Required Action:**

**Please take the following actions:**

- (1) Explain what steps or analysis taken by Highmark form the basis for Highmark concluding that there will not be a need for any tail or extended reporting period coverage?**
- (2) Explain what specific actions Highmark intends to take upon closing to ensure there is no lapse in coverage.**
- (3) Explain whether and to what Highmark’s extent [sic] existing coverage will provide insurance coverage to existing directors and officers of BCNEPA.**

**RESPONSE:**

Highmark hereby supplements its prior response to this Request as follows:

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

Based on its due diligence investigation, Highmark does not believe that any tail or extended reporting policy will be required, because there are limited policies that would require tail coverage and Highmark will take steps to incorporate all prior BCNEPA coverages into

Highmark policies by purchasing retroactive coverage matching BCNEPA's current policy coverages.

In order to ensure that no lapse in coverage occurs, Highmark will work with its insurance brokers in advance to review all existing BCNEPA policies so that Highmark can purchase the appropriate additional coverage at the closing of the Transaction.

The existing BCNEPA directors and officers will be fully covered under Highmark's existing policies as of the closing of the Transaction.

**Highmark Inc.  
Fifth Avenue Place  
120 Fifth Avenue  
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