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August 16, 2013

VIA FEDERAL EXPRESS

Kimberly A. Rankin
Director
Pennsylvania Insurance Department
Bureau of Company Licensing and Financial Analysis
Office of Corporate and Financial Regulation
13th Floor Strawberry Square
Harrisburg, PA 17120

Re: "Form A" Statement Regarding the Application of Independence Blue Cross to Restructure its Insurance Holding Company System

Dear Ms. Rankin:

Enclosed for public filing with the Insurance Department in the above matter are pro-forma balance sheets for HoldCo #1, Independence Blue Cross, QCC Insurance Company, Keystone Health Plan East, Inc. and AmeriHealth HMO, Inc. which give effect to the corporate division transaction, for purposes of illustration, based on an assumed effective date of December 31, 2012.

Should you have any questions with respect to this presentation, please let us know.

Sincerely,

David L. Harbaugh

cc: Joseph A. Kenney, Jr., Esquire
Steven B. Davis, Esquire

Encl.

Allocation of IBC's Assets & Liabilities between IBC and HoldCo #1

The following schedules are pro-forma balance sheets demonstrating the impact of the division if the transaction had taken place at December 31, 2012. This retrospective view is based on the reported values from the filed Annual Statements of the companies involved in the transaction. The purpose of these schedules is to illustrate the transfer of assets and liabilities out of each regulated company and the impact of such transfers on their respective balance sheets.

The balance sheets included are for the following companies:

Entity	Page #
HoldCo #1	1.1
Independence Blue Cross ("IBC")	1.2
QCC Insurance Company ("QCC")	1.3
Keystone Health Plan East, Inc. ("KHPE")	1.4
AmeriHealth HMO, Inc. ("AH HMO")	1.5

While in some instances, the direct owner for certain regulated affiliates within the insurance holding company system (other than those listed above) will change as a result of the transaction, the change in owner will have no impact to the standalone financial statements of those regulated affiliates (e.g. Vista, Intercounty Hospital and Health Plans, etc.).

HoldCo #1 (Standalone Statutory basis) *
As of December 31, 2012 (for illustrative purposes)

* HoldCo #1 will not be a licensed insurance company and therefore will not prepare statutory basis financial statements. These financials are for illustrative purposes only

ASSETS	Pre-Division 2012	Division	Division	Division	Post-Division 2012	Dividends	Post-Division & Dividends 2012
Bonds	-					174,999,921 G	174,999,921
Stocks	-	2,019,436,792 A	254,508,501 E	(259,056,565) F	2,014,888,728	(219,999,921) G	1,794,888,807
Cash	-				-	45,000,000 G	45,000,000
Other invested assets	-	129,711,498 B	(129,711,498) E		-		-
Premiums Receivable	-				-		-
Deferred Tax asset	-	38,409,789 D		(38,409,789) F	-		-
Other assets	-				-		-
Membership interest in IBC	-	124,797,003 C	(124,797,003) E		-		-
Total Admitted Assets	-	**2,312,355,082**	-	**(297,466,354)**	**2,014,888,728**	-	**2,014,888,728**
LIABILITIES, CAPITAL AND SURPLUS							
Claims unpaid & Health Reserves	-				-		-
General Expenses due or accrued	-	297,466,354 D		(297,466,354) F	-		-
Income tax payable	-				-		-
Amounts withheld for others	-				-		-
Amounts due to parent & affiliates	-				-		-
Other liabilities	-				-		-
Total Liabilities	-	297,466,354	-	(297,466,354)	-		-
Common & Preferred Stock	-				-		-
Paid in Capital/Surplus	-	2,014,888,728	-	-	2,014,888,728		2,014,888,728
Surplus notes	-				-		-
Total Capital & Surplus	-	2,014,888,728	-	-	2,014,888,728		2,014,888,728
Total Liabilities, Capital & Surplus	-	**2,312,355,082**	-	-	**2,014,888,728**	-	**2,014,888,728**

A IBC's stock ownership of AmeriHealth, Inc. ("AHI") is allocated to HoldCo #1 (note that this also transfers ultimate ownership and control of the for profit subsidiaries located below AHI from IBC to HoldCo #1) & IBC's ownership interest in InsPro Technologies ("IPT") is allocated to HoldCo #1

B IBC's 53% ownership in IBC MH LLC ("IBC MH") is allocated to HoldCo #1

C IBC membership interest is issued to HoldCo #1 so that IBC becomes a controlled affiliate of HoldCo #1. HoldCo #1 will account for the membership interest as an asset on its financial statements in accordance with relevant accounting guidance. However, due to the fact that IBC will continue to be organized as a non-profit corporation, HoldCo #1 will not have the ability to withdraw funds from IBC

D (i) IBC's rights and obligations under the Agreement of Lease, as amended (the "1901 Lease"), relating to the 1901 Market Street office building, (ii) IBC's obligations under the IBC employee pension plan and other employee-related liabilities (collectively, the "Employee Obligations"), and (iii) the net deferred tax assets relating to the 1901 Lease and the Employee Obligations, are each allocated to HoldCo #1

E HoldCo #1 contributes its interest in IBC, IPT and IBC MH to AHI

F The rights and obligations associated with the 1901 Lease and Employee Obligations (along with the related deferred tax assets) are transferred, assigned and contributed from HoldCo #1 to AHI, which in turn transfers, assigns and contributes these rights and obligations to SubHoldCo #1

G QCC, KHPE and AH HMO make $220M of dividends (for purposes of this illustration - assumed at $175M in bonds, $45M in cash) in order to fund HoldCo #1 with cash/investments for purposes of operating and capital needs, which has no net impact on HoldCo #1's total admitted assets

Independence Blue Cross (Statutory basis)
As of December 31, 2012 (for illustrative purposes)

ASSETS	Pre-Division 2012	Division		Post-Division 2012
Bonds	160,251,960			160,251,960
Stocks	2,045,490,188	(2,019,436,792)	A	26,053,396
Cash	98,960,141			98,960,141
Other invested assets	142,326,732	(129,711,498)	B	12,615,234
Premiums Receivable	95,479,840			95,479,840
Deferred Tax asset	61,218,442	(38,409,789)	C	22,808,653
Other assets	89,249,119			89,249,119
Total Admitted Assets	**2,692,976,422**	**(2,187,558,079)**		**505,418,343**
LIABILITIES, CAPITAL AND SURPLUS				
Claims unpaid & Health Reserves	197,308,797			197,308,797
General Expenses due or accrued	369,607,226	(297,466,354)	C	72,140,872
Income tax payable	10,726,207			10,726,207
Amounts withheld for others	50,574,236			50,574,236
Amounts due to parent & affiliates	27,274,777			27,274,777
Other liabilities	22,596,451			22,596,451
Total Liabilities	678,087,694	(297,466,354)		380,621,340
Common & Preferred Stock	-			-
Paid in Capital/Surplus	-			-
Surplus notes	-			-
Unassigned Funds	2,014,888,728	(1,890,091,725)		124,797,003
Total Capital & Surplus	2,014,888,728	(1,890,091,725)		124,797,003
Total Liabilities, Capital & Surplus	**2,692,976,422**	**(2,187,558,079)**		**505,418,343**
Authorized Control Level	299,092,032			19,882,589

A IBC's stock ownership of AmeriHealth, Inc. ("AHI") is allocated to HoldCo #1 (note that this also transfers ultimate ownership and control of the for profit subsidiaries located below AHI from IBC to HoldCo #1) & IBC's ownership interest in InsPro Technologies ("IPT") is allocated to HoldCo #1

B IBC's 53% ownership in IBC MH LLC ("IBC MH") is allocated to HoldCo #1

C (i) IBC's rights and obligations under the Agreement of Lease, as amended (the "1901 Lease"), relating to the 1901 Market Street office building, (ii) IBC's obligations under the IBC employee pension plan and other employee-related liabilities (collectively, the "Employee Obligations"), and (iii) the net deferred tax assets relating to the 1901 Lease and the Employee Obligations, are each allocated to HoldCo #1

QCC (Statutory basis)
As of December 31, 2012 (for illustrative purposes)

ASSETS	Pre-Division 2012	Division	Post-Division 2012	Dividends	Post-Division & Dividends 2012
Bonds	631,105,966		631,105,966	(96,149,518) B	534,956,448
Stocks	257,861,059		257,861,059		257,861,059
Cash	33,461,449		33,461,449		33,461,449
Other invested assets	108,524,136	(57,513,589) A	51,010,547		51,010,547
Premiums Receivable	31,621,146		31,621,146		31,621,146
Receivable related to uninsured plans	184,162,463		184,162,463		184,162,463
Deferred Tax asset	6,385,066		6,385,066		6,385,066
Other assets	82,119,159		82,119,159		82,119,159
Total Admitted Assets	**1,335,240,444**	**(57,513,589)**	**1,277,726,855**	**(96,149,518)**	**1,181,579,349**
LIABILITIES, CAPITAL AND SURPLUS					
Claims unpaid & Health Reserves	259,935,810		259,935,810		259,935,810
Premiums received in advance	109,048,032		109,048,032		109,048,032
General Expenses due or accrued	14,930,518		14,930,518		14,930,518
Amounts due to parent & affiliates	98,363,395		98,363,395		98,363,395
Liability for amounts held for uninsured plans	123,282,941		123,282,941		123,282,941
Other liabilities	18,184,572		18,184,572		18,184,572
Total Liabilities	623,745,268		623,745,268		623,745,268
Common & Preferred Stock	2,000,000		2,000,000		2,000,000
Paid in Capital/Surplus	187,518,517		187,518,517		187,518,517
Surplus notes	-		-		-
Unassigned Funds	521,976,659	(57,513,589)	464,463,070	(96,149,518)	368,313,552
	711,495,176	(57,513,589)	653,981,587	(96,149,518)	557,832,069
Total Liabilities, Capital & Surplus	**1,335,240,444**	**(57,513,589)**	**1,277,726,855**	**(96,149,518)**	**1,181,577,337**
Authorized Control Level	82,888,602				77,362,841

A QCC distributes its interest in IBC MH to AHI

B QCC makes a dividend in the form of bonds with a carrying value of $96,149,518 to SubHoldCo #1 in order to fund the obligations allocated to SubHoldCo #1 as part of the division

KHPE (Statutory basis)
As of December 31, 2012 (for illustrative purposes)

ASSETS	Pre-Division 2012	Division	Post-Division 2012	Dividends	Post-Division & Dividends 2012
Bonds	704,076,933	-	704,076,933	(193,850,403) B	510,226,530
Stocks	199,239,684		199,239,684		199,239,684
Cash	38,365,932		38,365,932		38,365,932
Other invested assets	113,139,862	(57,513,589) A	55,626,273		55,626,273
Premiums Receivable	54,981,322		54,981,322		54,981,322
Receivable related to uninsured plans	67,910,125		67,910,125		67,910,125
Deferred Tax asset	2,274,125		2,274,125		2,274,125
Receivable from parent & affiliates	36,515,503		36,515,503		36,515,503
Other assets	40,930,377		40,930,377		40,930,377
Total Admitted Assets	**1,257,433,863**	**(57,513,589)**	**1,199,920,274**	**(193,850,403)**	**1,006,069,871**
LIABILITIES, CAPITAL AND SURPLUS					
Claims unpaid & Health Reserves	291,255,166		291,255,166		291,255,166
Premiums received in advance	66,416,395		66,416,395		66,416,395
General Expenses due or accrued	37,686,397		37,686,397		37,686,397
Amounts due to parent & affiliates	40,979,497		40,979,497		40,979,497
Liability for amounts held for uninsured plans	40,464,118		40,464,118		40,464,118
Other liabilities	17,412,058		17,412,058		17,412,058
Total Liabilities	494,213,631		494,213,631		494,213,631
					-
Common & Preferred Stock	400,000		400,000		400,000
Paid in Capital/Surplus	7,935,243		7,935,243		7,935,243
Surplus notes			-		-
	754,884,989	(57,513,589)	697,371,400	(193,850,403)	503,520,997
Total Capital & Surplus	763,220,232	(57,513,589)	705,706,643	(193,850,403)	511,856,240
Total Liabilities, Capital & Surplus	**1,257,433,863**	**(57,513,589)**	**1,199,920,274**	**(193,850,403)**	**1,006,069,871**
Authorized Control Level	95,173,712				89,689,572

A KHPE distributes its interest in IBC MH to AHI

B KHPE makes a dividend in the form of bonds with a carrying value of $193,850,403 to SubHoldCo #1 in order to fund the obligations allocated to SubHoldCo #1 as part of the division

AH HMO (Statutory basis)
As of December 31, 2012 (for illustrative purposes)

ASSETS	Pre-Division 2012	Division	Post-Division 2012	Dividends	Post-Division & Dividends 2012
Bonds	88,200,405		88,200,405	(50,000,000) B	38,200,405
Stocks	921,028,594	(920,689,924) A	338,670		338,670
Cash	61,539,243		61,539,243	(45,000,000) B	16,539,243
Premiums Receivable	6,947,065		6,947,065		6,947,065
Deferred Tax asset	1,840,432		1,840,432		1,840,432
Receivable from parent & affiliates	66,088,013		66,088,013		66,088,013
Other assets	5,533,915		5,533,915		5,533,915
Total Admitted Assets	**1,151,177,667**	**(920,689,924)**	**230,487,743**	**(95,000,000)**	**135,487,743**
LIABILITIES, CAPITAL AND SURPLUS					
Claims unpaid & Health Reserves	38,204,371		38,204,371		38,204,371
Premiums received in advance	10,515,535		10,515,535		10,515,535
General Expenses due or accrued	4,617,697		4,617,697		4,617,697
Amounts due to parent & affiliates	1,091,548		1,091,548		1,091,548
Liability for amounts held for uninsured plans			-		-
Other liabilities	2,080,583		2,080,583		2,080,583
Total Liabilities	56,509,734		56,509,734		56,509,734
					-
Common & Preferred Stock	400,000		400,000		400,000
Paid in Capital/Surplus	262,080,214	(88,502,205)	173,578,009	(95,000,000)	78,578,009
Surplus notes	-		-		-
Unassigned Funds	832,187,719	(832,187,719)	-		-
Total Capital & Surplus	1,094,667,933	(920,689,924)	173,978,009	(95,000,000)	78,978,009
Total Liabilities, Capital & Surplus	**1,151,177,667**	**(920,689,924)**	**230,487,743**	**(95,000,000)**	**135,487,743**
Authorized Control Level	150,896,261				11,060,771

A AH HMO distributes its interest in Vista and KHPE to AHI

B AH HMO makes a dividend totaling $95M (comprised of $50M in bonds and $45M of cash) to SubHoldCo #1 in order to fund the obligations allocated to SubHoldCo #1 as part of the division