

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402, and
	:	1403 of the Insurance Holding
Application of UnitedHealth Group	:	Companies Act, Article XIV of the
Incorporated in Support of the Request for	:	Insurance Company Law of 1921,
Approval to Acquire Control of all the	:	Act of May 17, 1921, P.L. 682,
Issued and Outstanding Capital Stock of	:	as amended, 40 P.S. §§991.1401,
AmeriChoice of Pennsylvania, Inc.	:	991.1402, and 991.1403
	:	
	:	Order No. ID-RC-02-19

DECISION AND ORDER

AND NOW, on this 22nd day of August, 2002, M. Diane Koken, Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Company Law and the Insurance Holding Company Act and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Parties

1. AmeriChoice of Pennsylvania, Inc. (“AmeriChoice of PA”) is a for-profit health maintenance organization (“HMO”) organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Philadelphia, Pennsylvania.
2. AmeriChoice Corporation (“AmeriChoice”) is a business corporation organized under the laws of the state of Delaware with its principal place of business located in Vienna, Virginia. AmeriChoice currently holds 100% of the issued and outstanding voting stock of AmeriChoice of PA.

3. UnitedHealth Group Incorporated (“UnitedHealth”) is a general business corporation organized under the laws of the state of Minnesota with its principal place of business located in Minnetonka, Minnesota. UnitedHealth is a publicly traded company on the New York Stock Exchange. No entity is an ultimate controlling person of UnitedHealth.

#### Acquisition Filing

4. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1992, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that any transaction involving control of a domestic HMO must be filed with the Commissioner for approval or disapproval.
5. On June 24, 2002, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial application (which together with all material received subsequently is collectively referenced as “Application”) from UnitedHealth for approval to acquire control of AmeriChoice of PA.
6. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

#### Department Procedures

7. On July 20, 2002, the Department published notice in the Pennsylvania Bulletin that the Application was submitted by UnitedHealth and such notice invited interested persons to submit comments to the Department regarding the Application for a fourteen day period, ending August 3, 2002.
8. The Department received no comments regarding the Application during the fourteen day comment period.

#### Description of the Proposed Acquisition

9. As described in the Application, on June 14, 2002, UnitedHealth and AmeriChoice entered into a Agreement and Plan of Merger (Agreement”) whereby AmeriChoice would merge with a subsidiary of UnitedHealth, with AmeriChoice the surviving entity.
10. As described in the Application and pursuant to the Agreement, the consideration to be paid the current stockholders of AmeriChoice will be in the form of UnitedHealth stock.
11. As described in the Application and pursuant to the Agreement, UnitedHealth will place a number of shares into escrow at the time of closing the acquisition. Going forward, the escrowed shares will be available for indemnification claims or



Liabilities: \$ 8,595,000,000  
Shareholder's Equity: \$ 3,891,000,000

21. The financial condition of UnitedHealth would not pose any impediments to the change in control nor jeopardize the financial condition of the AmeriChoice of PA.

Plans for the Acquired Insurer

22. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the plans or proposals which the acquiring party has for the HMO.
23. As provided in the Application, UnitedHealth has disclosed that it intends to maintain the current business activities of AmeriChoice of PA.

Management

24. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the competence, experience and integrity of the persons who will control the operations of the acquired HMOs.
25. Biographical affidavits for all directors and executive officers of UnitedHealth were provided as part of the Application and the Department reviewed all affidavits that were submitted.
26. The Department is satisfied that the persons who would control the operations of the AmeriChoice of PA have such competence, experience and integrity that the interests of policyholders and the public would not be jeopardized.
27. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

## CONCLUSIONS OF LAW

1. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner has jurisdiction to review and approve the change in control of the AmeriChoice of PA.
2. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner must approve an application for a change in control unless the Department has found that:
  - a) The HMO will not be able to satisfy the requirements for the issuance of a license to operate the line or lines of business for which it is presently licensed;
  - b) The change in control will substantially lessen competition in insurance in this Commonwealth or tend to create a monopoly therein;
  - c) The financial condition of the acquiring company is such as might jeopardize the financial stability of the HMO or prejudice the interests of its policyholders;
  - d) Any plans to liquidate the HMO, sell its assets or consolidate or merge it with any person, or to make material changes in its business or corporate structure or management are unfair and unreasonable to policyholders of the HMOs and not in the public interest;
  - e) The competence, experience and integrity of those persons who would control the operation of the HMO are such that it would not be in the interest of policyholders and the general public to permit the acquisition of control;
  - f) The acquisition is likely to be hazardous or prejudicial to the insurance buying public; or,
  - g) The acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A, Insurance Company Mutual-to-Stock Conversion Act.
3. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner has not found that any of the above conditions are present with respect to the change in control of AmeriChoice of PA.
4. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

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AmeriChoice of Pennsylvania, Inc.	:	991.1402, and 991.1403
	:	:
	:	Order No. ID-RC-02-19

ORDER

Upon consideration of the foregoing, the Insurance Commissioner of the Commonwealth of Pennsylvania hereby makes the following Order:

The acquisition of control by UnitedHealth Group Incorporated of all the issued and outstanding shares of common stock of AmeriChoice of Pennsylvania, Inc. is hereby approved, subject to this Order and the following condition:

UnitedHealth Group Incorporated shall provide copies of the closing documents to the Insurance Department within five (5) days of consummation of the subject transaction.

This Order is effective immediately and valid for one year, provided no material changes are made to the transaction prior to consummation.

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M. DIANE KOKEN  
Insurance Commissioner  
Commonwealth of Pennsylvania