

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 4161 and
: 4162 of the Business Corporation
Application of HM Health Insurance : Law of 1988, Act of December 21,
Company for Approval to Redomesticate : 1988, P. L. 1444, as amended,
from the Commonwealth of Virginia to : 15 Pa.C.S. §§ 4161 and 4162, and
the Commonwealth of Pennsylvania : Section 357 of the Insurance
: Company Law, Act of May 17,
: 1921, P.L. 682, No. 284, as
: amended, 40 P.S. § 477e
:
: Order No. ID-RC-06-12

DECISION AND ORDER

AND NOW, on this 13th day of July, 2006, M. Diane Koken, Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Business Corporation Law and the Insurance Company Law 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 the Parties

1. HM Health Insurance Company (“HM Health”) is a foreign stock life insurance company organized under the laws of the Commonwealth of Virginia with its principal place of business located in Pittsburgh, Pennsylvania.
2. HM Health is a wholly-owned subsidiary of Highmark, Inc., a Pennsylvania non-profit corporation.

Filing of the Application

3. On May 23, 2006, 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 HM Health for approval to redomesticate from the Commonwealth of Virginia to the Commonwealth of Pennsylvania.
4. The Application was filed pursuant to Sections 4161 and 4162 of the Business Corporation Law, as amended, 15 Pa.C.S. §§4161 and 4162 (cited as “Business Corporation Law”), and Section 357 of the Insurance Company Law, Act of May 17, 1921, P.L. 682, No. 284, as amended, 40 P.S. §477e (cited as “Insurance Company Law”).

Notice of Filing and Comments

5. On June 3, 2006, the Department published notice in the Pennsylvania Bulletin that the Application was received and such notice invited interested persons to submit comments to the Department regarding the Application for 30 days following the date of the publication (“Comment Period”).
6. During the Comment Period, the Department received no comments regarding the Application.

The Transaction

7. HM Health currently holds a Certificate of Authority in the Commonwealth of Pennsylvania as a foreign insurer to transact the accident & health, and life & ordinary annuities lines of business.
8. HM Health desires to redomesticate to the Commonwealth of Pennsylvania as a domestic stock life insurance company.
9. On May 2, 2006, the Board of Directors of HM Health passed a resolution deeming it in the best interest of the company to redomesticate from the Commonwealth of Virginia to the Commonwealth of Pennsylvania.
10. On May 2, 2006, Highmark, Inc., as the sole shareholder of HM Health, passed a resolution approving the redomestication of HM Health from the Commonwealth of Virginia to the Commonwealth of Pennsylvania.
11. HM Health has indicated that its principal place of business will remain in Pittsburgh, Pennsylvania.
12. 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. Section 357 of the Insurance Company Law provides the Commissioner jurisdiction to review and approve the redomestication of HM Health.
2. A redomestication by a foreign business corporation is provided for in subsection 4161(a) of the Business Corporation Law.
3. The Application satisfies the requirements of all applicable laws and regulations.
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.

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 4161 and
: 4162 of the Business Corporation
Application of HM Health Insurance : Law of 1988, Act of December 21,
Company for Approval to Redomesticate : 1988, P. L. 1444, as amended,
from the Commonwealth of Virginia to : 15 Pa.C.S. §§ 4161 and 4162, and
the Commonwealth of Pennsylvania : Section 357 of the Insurance
: Company Law, Act of May 17,
: 1921, P.L. 682, No. 284, as
: amended, 40 P.S. § 477e
:
: Order No. ID-RC-06-12

ORDER

Upon consideration of the foregoing, the Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) hereby makes the following Order:

The Application of HM Health Insurance Company (“HM Health”) for approval to redomesticate from the Commonwealth of Virginia to the Commonwealth of Pennsylvania and the issuance of a Certificate of Authority as a domestic stock life insurance corporation, as set forth in the Application, is hereby granted, subject to this Order and the following conditions:

1. HM Health shall obtain approval of the redomestication from the Virginia State Corporation Commissioner, Bureau of Insurance (“VA BOI”). A certified copy of the approval issued by the VA BOI shall be provided to the Commissioner within five (5) days of HM Health receiving the approval.
2. HM Health shall file Articles of Domestication with the Pennsylvania Department of State in accordance with subsection 4161(b) of the Business Corporation Law after receipt of the approval of the VA BOI.

3. HM Health shall comply with the requirements of subsections 1405(c)(3) and (4) of the Insurance Company Law prior to filing Articles of Domestication with the Pennsylvania Department of State.
4. HM Health shall file a copy of the Articles of Domestication, as filed with the Pennsylvania Department of State, with the Department within ten (10) days of receipt from the Pennsylvania Department of State.
5. At the time the Articles of Domestication are filed with the Department, HM Health shall file an executed copy of Amended and Restated Bylaws that comply with the requirements of Chapter 31 of the Business Corporation Law.
6. At the time the Articles of Domestication are filed with the Department, HM Health shall surrender its current Certificate of Authority as a foreign insurance corporation in exchange for the issuance of a Certificate of Authority as a domestic stock life insurance corporation.

This Order is effective immediately.

M. Diane Koken
Insurance Commissioner
Commonwealth of Pennsylvania