

EXHIBIT 19

BCBSD, INC.
BOARD OF DIRECTORS MEETING
JANUARY 14, 2009

A meeting of the Board of Directors of BCBSD, Inc. was held pursuant to notice on January 14, 2009, at 11:30 a.m. in the corporate offices. The following members were present:

Ben Corballis, M.D., Acting Chairman
Thomas E. Archie
Bernard J. Daney
Robert F. Rider (via phone)
David P. Roselle, Ph.D.
Frances M. West, Esq.
William H. Willis, Jr.

Also attending were the following members of staff: Timothy J. Constantine, President & Chief Executive Officer; William E. Kirk, III, Vice President, General Counsel & Corporate Secretary; and Ellen M. Johnson, Assistant to the President & CEO. Outside legal counsel attending: Grover C. Brown, Esq., of Gordon, Fournaris & Mammarella (representing the BCBSD Board); and David C. McBride, Esq., of Young, Conaway, Stargatt & Taylor, LLP. Consultants attending: Robert C. Cole, Jr. (via phone) and Louis Pavia, Jr., President of CareCompanion.

REDACTED

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REDACTED

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II. Report of the CEO

III. Adjournment

There being no further business, the meeting adjourned at 2:00 p.m.

Respectfully submitted:

Ellen M. Johnson
Executive Assistant to the President & CEO

EXHIBIT 20

August 25, 2009

REDACTED

REDACTED

EXHIBIT 21



BlueCross BlueShield
of Delaware

Post Office Box 1991
Wilmington, DE 19899.1991
Phone 302.421.3210
Fax 302.421.3126
bcbsde.com

Timothy J. Constantine
President & CEO

August 25, 2009

STRICTLY PRIVATE AND CONFIDENTIAL

Kenneth R. Melani, M.D.
President and CEO
Highmark Inc.
120 Fifth Avenue
Pittsburgh, PA 15222-3099

Dear Dr. ^{Ken} Melani:

As we have discussed, Blue Cross Blue Shield of Delaware (BCBSD) is seeking a strategic affiliation with an organization that shares a focus compatible with that of our company. To that end, we would like to establish a mutually satisfactory arrangement to help ensure that BCBSD can continue to support our mission and achieve our vision.

Blue Cross Blue Shield of Delaware is the leading health benefits company in the State of Delaware, enjoying a market share in excess of 40%. Most of Delaware's large employers are BCBSD customers, including the State of Delaware and many local governments. We are also the top health insurer for small businesses in Delaware.

BCBSD is financially sound and has strong growth potential, particularly in the individual and senior markets; however, we remain susceptible to many of the same regional market issues and national industry trends that initially led us to affiliate with CareFirst, Inc. in 2000. The issues that require us to consider an affiliation include:

- Continued pressure to reduce administrative and care costs will require a critical mass of business to achieve economies of scale that may not be attainable if we are an independent plan.
- Increasing requirements for consumer information, clinical data, customer service and innovative product designs are expected to strain our current technical, human and financial resources.
- Technology capabilities, attractive pricing and other requirements of large employers may put us at a competitive disadvantage for capturing or retaining this business.
- Our business model and/or financial position may be vulnerable due to potential health care reform initiatives and other developments at the state and national level.

After careful consideration of our requirements for continued success and an analysis of our strategic options, we believe there is an opportunity for a mutually beneficial relationship with Highmark. I have included a copy of the *Confidentiality Agreement* executed by the parties in July 2007, along with a proposed amendment extending the term. I have also included an updated copy of our *Partnership Memorandum*. This document includes a description of BCBSD's objectives and requirements for a business combination, as well as our suggested approach and timeframe. Additionally, it includes information on our organization; products and market position; systems and infrastructure; and financial condition.

Blue Cross Blue Shield of Delaware is an independent licensee of the Blue Cross and Blue Shield Association.

CONFIDENTIAL

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President's Office

Kenneth R. Melani, M.D.
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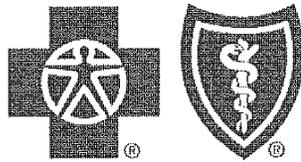
Please feel free to contact me if you have any questions. We look forward to hearing from you.

Sincerely,

A handwritten signature in cursive script that reads "Jim".

Timothy J. Constantine

Attachments



BlueCross BlueShield of Delaware

Partnership Memorandum

Request for Information

Confidential Information Subject to Confidentiality Agreement

August 2009

Confidential Copy

Blue Cross Blue Shield of Delaware is an independent licensee of the Blue Cross and Blue Shield Association.
® Registered mark of the Blue Cross and Blue Shield Association

Blue Cross Blue Shield of Delaware (BCBSD) is requesting confidential proposals from selected organizations for establishing a long-term strategic partnership. This relationship may take any of a variety of forms (i.e., merger, acquisition, consolidation, affiliation, joint venture) that your organization believes will be most effective in meeting our objectives and satisfying your requirements. Our goal is to ensure that BCBSD is able to continue its mission and achieve its vision. In light of regional market and national industry trends, we believe that this may best be accomplished in partnership with a strategic ally with a compatible mission and vision, and a proven strategy for success.

This confidential *Partnership Memorandum* summarizes our objectives; organization; business and financial position. BCBSD's strategic planning consultant, Lou Pavia, will serve as BCBSD's contact person during this process. Please feel free to contact Mr. Pavia directly should you have questions about the process BCBSD will follow, the information being requested or should you need additional information. Mr. Pavia can be reached at LPavia@carecompanion.com or 703.409.2054. Please provide Mr. Pavia with the name and contact information for the person with whom we should communicate about your proposal and this process.

To expedite our review process, we are requesting that interested organizations prepare their proposals in a format that they can present during a meeting with BCBSD's management and advisors. The presentation should address each of the requirements outlined in this document. You also should be prepared to respond to questions on these topics. A total of 3-4 hours will be allocated for your presentation and ensuing discussion. Please provide three advance copies of your response as well as an electronic copy to Mr. Pavia on, or before, October 15, 2009. We will be contacting you shortly to identify a mutually agreeable date and time in late October or early November for your presentation.

Key executives and a data room containing the detailed documentation necessary for due diligence will be available to potential partners from whom we request a final, binding offer. Our goal is to select a prospective partner prior to the end of 2009, and develop and execute a definitive agreement as soon thereafter as reasonably practical.

BCBSD has no obligation to any party to state any reasons for declining consideration of the party's proposal. Further, although we do not intend to, we reserve the right to alter, amend or terminate this process at our discretion.

BCBSD Objectives

This relationship must deliver value to our customers, providers, employees and community. It must address our current requirements for success and be flexible enough to respond to inevitable changes in the marketplace and innovations in products and technology.

This partnership should enable BCBSD to access the systems and technology necessary to meet the information, administrative and service requirements of our customers at a competitive cost. This includes not only traditional membership and claims administration, but also innovative tools and information for prospects, customers, members, providers and brokers; real time eligibility, authorization and adjudication; and the resources, flexibility and systems development capabilities to respond to the unique requirements of our state.

Both the infrastructure and the strategy must support the full array of health insurance and related products and services required by large and small employers, Medicare, state and local governments, and individual buyers in the Delaware market. This entails not only comprehensive and innovative products and services, but also proven relationships with brokers and consultants; sales and marketing tools and resources; actuarial and pricing expertise; direct marketing experience; and strong, cost-effective customer service and administration. It also requires strong provider relations; effective network development and management; and progressive medical and health management tools and techniques. Our partner should also be a leader in using information to develop new products and services, and improve the quality and cost effectiveness of health insurance, health care delivery, and member wellness and health.

We recognize that for a long-term partnership to work, we must have a good cultural fit as well. This means our partner must share our strong business ethics and integrity, focus on customer service, respect and value our employees, and be a good corporate citizen. The partner must also be willing to retain a strong Delaware presence. Further, the compensation and benefits of Delaware employees should remain competitive to attract and retain the best workers.

Because we would also like to implement the partnership in a timely manner, the proposed business combination must include an efficient transition and integration plan for the operations and a strategy to gain the requisite legal and regulatory approvals, and community and customer support.

Blue Cross Blue Shield of Delaware

Organization: BCBSD, Inc. is a non-stock, Delaware corporation doing business as Blue Cross Blue Shield of Delaware. It is regulated as a Health Service Corporation and is in good standing under the Delaware Insurance Code. BCBSD is a primary service mark licensee of the Blue Cross and Blue Shield Association. Our operations are consolidated in a new headquarters facility in downtown Wilmington.

The mission of BCBSD is to *"Provide benefits solutions that enable our customers to access high quality, cost effective health services, and the knowledge and guidance necessary to improve their health and well being."*

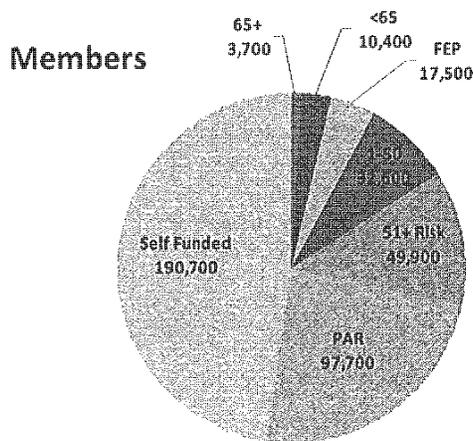
Our vision is that *"BCBSD will be the leading provider of health insurance and related services in the markets we serve. We will be recognized for our exceptional customer satisfaction and value through our:*

- *innovative product design;*
- *effective wellness and health management programs;*
- *operational efficiency;*
- *local knowledge; and*
- *demonstrated responsiveness.*

Operating with high integrity, we will be a trustworthy business partner, excellent steward of our resources, a preferred employer and a good corporate citizen."

BCBSD employs approximately 660 associates. The management team has extensive experience and expertise.

Business: Delaware has a population of over 873,000, which is projected to grow to over 927,000 by 2015. As of July 31, 2009, BCBSD had 402,500 members in the following market segments:



As of July 2009, over 60% of BCBSD's membership is enrolled in a PPO product. BCBSD has experienced significant growth in its Consumer Directed Health (CDH) products in recent years. As of July 2009, approximately 37,000 members are enrolled in CDH products.

A range of group and voluntary benefits and services is available to BCBSD customers through our wholly-owned subsidiary, NCIA Insurance Agency Delaware. These include:

- Life/Dependent life
- Accidental death
- Short-term and long-term disability
- Dental

BCBSD also administers flexible benefits programs for our customers.

Member Satisfaction/Quality Performance: BCBSD enjoys very strong customer satisfaction ratings. As an example, BCBSD's CAHPS score for *members' rating of health plan* has been in the 90th percentile for each of the last four years. Additionally, BCBSD is ranked in the top third of all Blue plans in the recently released Blue Experience Metric Pilot Survey. Finally, BCBSD was surveyed by NCQA in June 2009 and has been awarded an "Excellent" status.

Provider Network: BCBSD maintains the largest physician network in Delaware. Physicians are required to be board-certified with admitting privileges at a participating hospital. BCBSD operates two separate networks: a managed care network that services IPA (HMO), POS, EPO and PPO members; and a traditional network that services members with Traditional/Indemnity coverage. There is significant overlap between the two networks and they have remained relatively stable with over 900 primary care providers and about 1,350 specialists.

The BCBSD hospital network includes all seven Delaware acute care hospitals plus hospitals located in contiguous counties bordering Delaware.

Infrastructure and Technology: Like many health plans, BCBSD has an aging but effective legacy system. TBS is the backbone system for operations. It is a fully integrated system and all operations functions (membership and enrollment, claims, billing, provider contracting, and payment) run off a common platform. Its base is the LRSP system originally developed by BCBSA, now owned, and continuously extended and enhanced by BCBSD. TBS handles all lines of business. Membership includes large national accounts, local groups, individual members, and Medigap. Interfaces are maintained with vendors for Drug, Vision, Dental HMO, and Disease Management.

Surrounding the legacy system are several Client Server and web-based applications that interface with TBS, including Customer Service, Electronic Member and Automated Eligibility, MEDdecision, Flex Administration, COBRA Administration, and web portals for customers, providers, brokers, and employers. The Customer Service system interfaces with TBS include the Voice Response Unit (VRU), call recording and call management, work scheduling, and performance reporting. Eighty percent (80%) of our membership maintenance is submitted through electronic membership connections with groups, brokers and third parties. MEDdecision is a third party product we use to manage member medical cases, including behavioral health. To service our customer's HRA and HSA needs, we interface with a bank that provides financial services. We also utilize an imaging system with front-end imaging and optical character recognition (OCR) of paper claims. HIPAA transactions are received and sent through a common application with CareFirst, Inc.

A recent operations capability assessment conducted by Deloitte identified a number of critical information technology needs and determined that significant improvements in operating efficiencies could be achieved by addressing those needs.

Financial Position: BCBSD has a solid financial position. Statutory reserves were \$125 million, 730% of risk-based capital, as of December 31, 2008. GAAP financial performance for the seven months ending July 31, 2009, and calendar year 2008 is summarized below (\$000's).

	07/31/2009	12/31/2008
<u>ASSETS</u>		
Cash and investments	\$245,152	\$213,493
Advances and accounts receivable	41,707	45,254
Property and equipment	18,884	19,540
Other assets	28,938	29,702
Total assets	\$334,681	\$307,989
<u>LIABILITIES AND RESERVES</u>		
Unpaid claims liability	\$ 39,011	\$ 41,690
Short-term borrowings	22,747	17,768
Accounts payable / Accrued expenses	47,798	43,187
Other liabilities	76,543	65,552
Total liabilities	\$186,099	\$168,197
Reserves	\$148,582	\$139,792
Total liabilities and reserves	\$334,681	\$307,989
Revenue		
Premiums earned	\$281,815	\$483,767
Revenue from self-funded accounts, net of claims	22,267	39,981
Other	5,445	5,579
Net revenue	\$309,527	\$529,327
Operating expenses		
Cost of care	\$245,682	\$422,230
General and administrative	55,053	96,402
Selling and other	11,351	19,276
Total operating expenses	\$312,086	\$537,908
Income (loss) from operations		
	\$(2,559)	\$(8,581)
Investment and other income, net	4,752	10,564
Income before income taxes	\$2,718	\$1,983
Provision for income taxes	561	716
Net income from operations	\$2,157	\$1,267
Non recurring carve-out, net	(2,400)	(9,212)
FAS 115 Mark to Market, net	(525)	(10,454)
Net income (loss)	\$(768)	\$(18,399)

Information Required of Potential Partners

The Organization and Operations:

- Please articulate your mission, vision and business strategy.
 - How does BCBSD fit into that vision and strategy?
 - How would BCBSD contribute to your success?
- Describe how you are organized and structured.
- Summarize your operations, philosophy and culture.
 - What are your key metrics for success?
 - To what extent are the key functions and activities centralized or decentralized?
 - What level of decision-making authority is invested in managers? How are they held accountable?
 - What are the opportunities for growth and development of your employees?
 - How are employees evaluated and rewarded?
- Delineate the scope of health insurance and related products and services you offer, and the range of customers and geographic areas you serve.
- Describe the technology, systems and skills you have to support your products and services and design new ones, and your capacity to support growth and expansion.
- Outline/explain your relationship with state governments and regulators where you operate
 - What is the status and potential implication of any current regulatory initiatives?

Financial Position:

- Summarize your key membership, income, operating cost and profitability trends, and your capital position.
- Do you have, or have access to, the capital necessary to meet your immediate and expected long term investment requirements, including any investments associated with the proposed business combination with BCBSD?
- What are the levels and types of philanthropic, social or community investments you make and how would Delaware fit into your overall strategy?

Business Proposition:

- Detail your proposed business relationship model with BCBSD.
 - What is the legal structure and governance process?
 - Which functions would remain in Delaware and which would be performed elsewhere?
 - To what extent and how will existing relationships with employees, customers, providers and the community be maintained?
 - Define the transition, customer migration and integration you anticipate.
 - Describe the impact on our employees, their job functions and compensation.
 - To what extent might you utilize our existing systems and facilities?
 - What, if any, role would our existing Board of Directors play in this scenario?
 - How would the Delaware operations relate to, and fit with, your other operations?
- Summarize the rationale and benefits of this model to you, BCBSD, our customers, employees, providers and the people of Delaware.
 - What products or services do you have that would enhance our offerings in Delaware?
 - What marketing and distribution resources would you bring to this market?
 - What is the competitive advantage or differentiation you would bring?

Implementation:

- What legal and regulatory approvals would be required to consummate the contemplated transaction?
 - > What is your strategy for obtaining those approvals?
 - > What objections do you anticipate and how might they be overcome?
 - > What is the timeframe required for these approvals?
- Describe your experience integrating/acquiring/affiliating with other health plans.
 - > What has been the impact on key stakeholders in other business combinations you have completed?
 - > What lessons have been learned and how would they be applied to this situation?

Requirements and Expectations of BCBSD:

- Describe how you would want to proceed to a definitive agreement.
 - > What issues or concerns do you need to address prior to moving to a binding offer?
- Do you have any conditions or contingencies (beyond traditional representations and warranties) that must be satisfied to execute the proposed business arrangement?
- What resources would be available to resolve issues, build support, and structure an agreement?
- How quickly would you be able to develop a transition and implementation plan?
- When would you expect to complete a definitive agreement?

We look forward to establishing a strong and mutually beneficial relationship with our partner, and appreciate your interest in BCBSD.

EXHIBIT 22

BCBSD, INC.
BOARD OF DIRECTORS MEETING
DECEMBER 3, 2009

A meeting of the Board of Directors of BCBSD, Inc. was held, pursuant to notice, on December 3, 2009, at 12:00 Noon in the corporate offices. The following Directors were present:

Max S. Bell, Jr., Chairman
Ben Corballis, M.D., Vice Chairman
Thomas E. Archie
Bernard J. Daney
Robert F. Rider (via phone)
David P. Roselle, Ph.D.
Frances M. West, Esq.
William H. Willis, Jr.

Also attending were the following members of staff: Timothy J. Constantine, President & Chief Executive Officer; William E. Kirk, III, Vice President, General Counsel & Corporate Secretary; P. Scott Fad, Vice President of Client Services & Business Development; and Ellen M. Johnson, Assistant to the President & CEO. Consultants attending: Robert C. Cole, Jr.; and Louis Pavia, Jr., President of CareCompanion.

At Chairman Bell's request, Mr. Constantine provided an update regarding the status of the discussions between BCBSD and REDACTED. Mr. Constantine informed the Board that REDACTED has decided not to pursue a strategic partnership with BCBSD at this time due to REDACTED focus on preserving capital to address potential implications of health care reform.

I. BCBSD Strategic Overview

In advance of today's meeting the Board members received a document providing a high-level summary of the factors driving the need for BCBSD to affiliate with a larger Blue plan. The Board and management have had extensive discussions regarding these factors during the last two years and this document was intended as a refresher. It included the following major considerations supporting BCBSD pursuing a strategic partnership with another Blue plan:

- Environmental Drivers – Changes in the health care system are driving consolidation within the industry and carriers are aggressively establishing quantum improvements in technologies and capabilities through strategic acquisitions. At this time, BCBSD's competitors are large, national conglomerates with significant resources, thereby posing a considerable threat to small, unaffiliated companies.
- Capabilities Gaps – With the support of industry experts, BCBSD undertook a comprehensive assessment of the capabilities required to remain competitive. The study concluded that gaps in BCBSD capabilities will require a bold new strategic direction to continue to be successful.
- Experience – Direct experience as an affiliate of the CareFirst, Inc. organization provided real evidence of the value to BCBSD's constituents of being part of a larger Blue organization. In addition, BCBSD's ongoing experience in the Delaware marketplace clearly demonstrates the challenges associated with operating as a small, independent health plan.

Mr. Constantine presented highlights of the overview and discussed the findings of the assessment of BCBSD's capabilities performed by Deloitte in 2008. Without an affiliate partner, BCBSD

would need to invest \$100 – \$130 million in capabilities improvements over the next three to five years to maintain its leading position in the marketplace. BCBSD lacks the financial and human capital resources to make such an investment. By leveraging the capabilities of a strong partner, BCBSD could make the necessary improvements at a significantly lower cost based on preliminary assessments by potential partners, which would accomplish the following:

- Provide BCBSD with an affordable solution for acquiring the necessary capabilities to meet ongoing community and marketplace needs.
- Allow BCBSD to maintain adequate capital reserves and secure the company's ongoing and future viability.
- Allow BCBSD to deliver improved health care products and services at lower costs through enhanced capabilities and economies of scale.

II. Strategic Partnership Considerations

Mr. Pavia presented an overview of the current status of BCBSD's strategic partnership discussions with REDACTED Highmark, Inc. and REDACTED along with management's evaluation of each potential partner based upon the key attributes for BCBSD's success previously identified by management. Members of the BCBSD Work Group (Messrs. Constantine, Cole, Fad, Kirk, Pavia, and Grover C. Brown, Esq., Special Counsel to the Board) met on November 24, 2009 and assessed each potential partnership against the critical factors required for a successful affiliation and the likelihood of obtaining regulatory approval. The conclusions of this assessment were divided into five categories: 1) Factors with no significant differences among candidates (all meet the requirements equally); 2) Factors in which a partnership with REDACTED would have a significant disadvantage versus Highmark and REDACTED; 3) Factors with no significant difference between Highmark and REDACTED; 4) Factors favoring a REDACTED partnership; and 5) Factors favoring a Highmark partnership.

The Board raised a number of questions and discussed various points regarding Mr. Pavia's presentation.

III. Next Steps

Mr. Constantine presented management's recommendation and described the proposed next steps of the process. Based upon the due diligence performed by the Work Group to date, including the onsite presentations by each of the prospective partners, management recommended that BCBSD pursue negotiations (on an exclusive basis, if necessary) and conduct further due diligence with Highmark, Inc. Management will provide a report to the Board with findings and a further recommendation within 60 days. Mr. Constantine added that, if at all possible, management would prefer that BCBSD not enter into an exclusivity agreement with Highmark at this time so that BCBSD could maintain communications with other potential partners.

Mr. Constantine also reviewed the proposed next steps in the process, which included the key milestones and a timeline of associated activities.

The Board engaged in a thorough discussion and posed several questions. Following that discussion, and upon motion made and seconded, the Board of Directors unanimously accepted management's recommendation and authorized management to pursue negotiations with Highmark, Inc. and conduct further due diligence if Highmark agrees to proceed.

The Board also concurred with management's proposed next steps of the process.

There was also a discussion regarding various regulatory activities that would be part of the strategic partnership process.

Chairman Bell emphasized the importance of the Board members and involved BCBSD staff maintaining confidentiality throughout this process.

IV. Adjournment

There being no further business, the meeting adjourned at 1:20 p.m.

Respectfully submitted:

Ellen M. Johnson
Executive Assistant to the President & CEO

EXHIBIT 23



**BlueCross BlueShield
of Delaware**



Strategic Partnership Considerations

Board of Directors of BCBSD, Inc.
Meeting of December 3, 2009
Louis Pavia, Jr.

CareCompanion

Blue Cross Blue Shield of Delaware is an independent licensee of the Blue Cross and Blue Shield Association.



Agenda

- **Process Update**
- **Review Proposed Transactions**
- **Discuss Implications**
- **Management Recommendation**
- **Next Steps**



Process Update

- Since Board of Directors meeting of June 25th . . .
 - ✓ Reviewed alternative partners.
 - ✓ Authorized proceeding with ^{REDACTED} and Highmark, Inc. (Highmark) and follow-up with ^{REDACTED}

REDACTED

- Tested interest of other three plans
 - ^{REDACTED}
 - ✓ Provided Partnership Memorandum to ^{REDACTED} and Highmark with request for information on their organizations and proposed affiliation models and approaches.
 - ✓ Provided additional preliminary due diligence information.
 - ✓ Hosted presentations from both ^{REDACTED} and Highmark:
 - Corporate documents
 - Customer surveys
 - Prior affiliation documents
 - Employee benefits
 - Financial statements analysis ^{REDACTED}
- Verified continued interest of
- Analyzed options and determined recommendation.

REDACTED

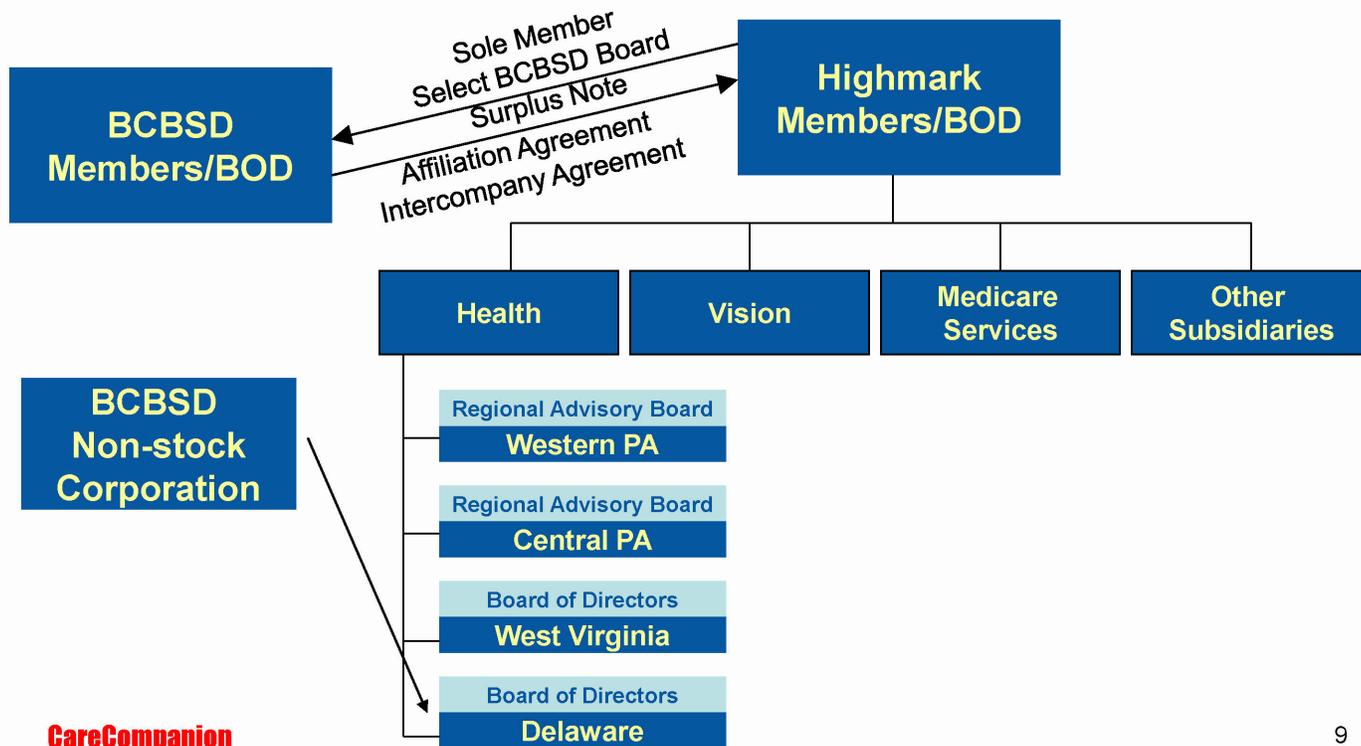
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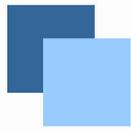
Highmark Transaction Overview





Highmark Offer and Commitments

- Not-for-profit affiliation; Highmark sole member and primary licensee for BCBSA trademarks.
- BCBSD remains separate Delaware corporate entity, controlled affiliate.
- Cost-based management services agreement (also available for pre-closing period).
- Surplus note guaranteeing BCBSD financing and surplus level.
- Potential representative on Highmark board (Pennsylvania resident).
- BCBSD board (appointed by Highmark) with authority over organization (representatives from Highmark management, Highmark board of directors, existing BCBSD board and Delaware community).
- Local CEO with broad responsibility, authority, and participation in corporate leadership.
- Market-facing functions would be Delaware-based; dedicated corporate support resources.
- Employee compensation and benefits parity.
- Migration to single, common infrastructure platform.
- Approval required by Highmark board and Delaware regulators.



Impact Assessment

The BCBSD Work Group (Constantine, Cole, Fad, Kirk and Pavia) assessed each potential partnership against the critical factors required for a successful affiliation. The conclusions of this assessment are provided on the next several pages, broken into the following five categories:

1. Factors with no significant differences among candidates (all meet the requirements equally)
2. Factors in which a ^{REDACTED} partnership would have a significant disadvantage versus Highmark and ^{REDACTED}
3. Factors with no significant difference between Highmark and ^{REDACTED}
4. Factors favoring a ^{REDACTED} partnership
5. Factors favoring a Highmark partnership



1) No Significant Difference Between Candidates

- Availability and access to care for Delaware residents
- Comprehensive provider networks
- Strong physician relations
- Employee / Retiree compensation and benefits
- Customer facing functions remain in Delaware
- Mission and Vision
- Corporate citizenship
- Strong BCBS brand
- Strong corporate leadership and expertise

REDACTED



3) Comparable Between Highmark and REDACTED

- Broad array of products and services
- Reduced capital requirements
- Reduced operating costs
- Excellent tools and capabilities for members, accounts, brokers and providers
- Strong data and analytics to improve care
- Organizational structure (provides for Delaware-based leadership and authority)
- Positioning for health care reform
- Strong capital position

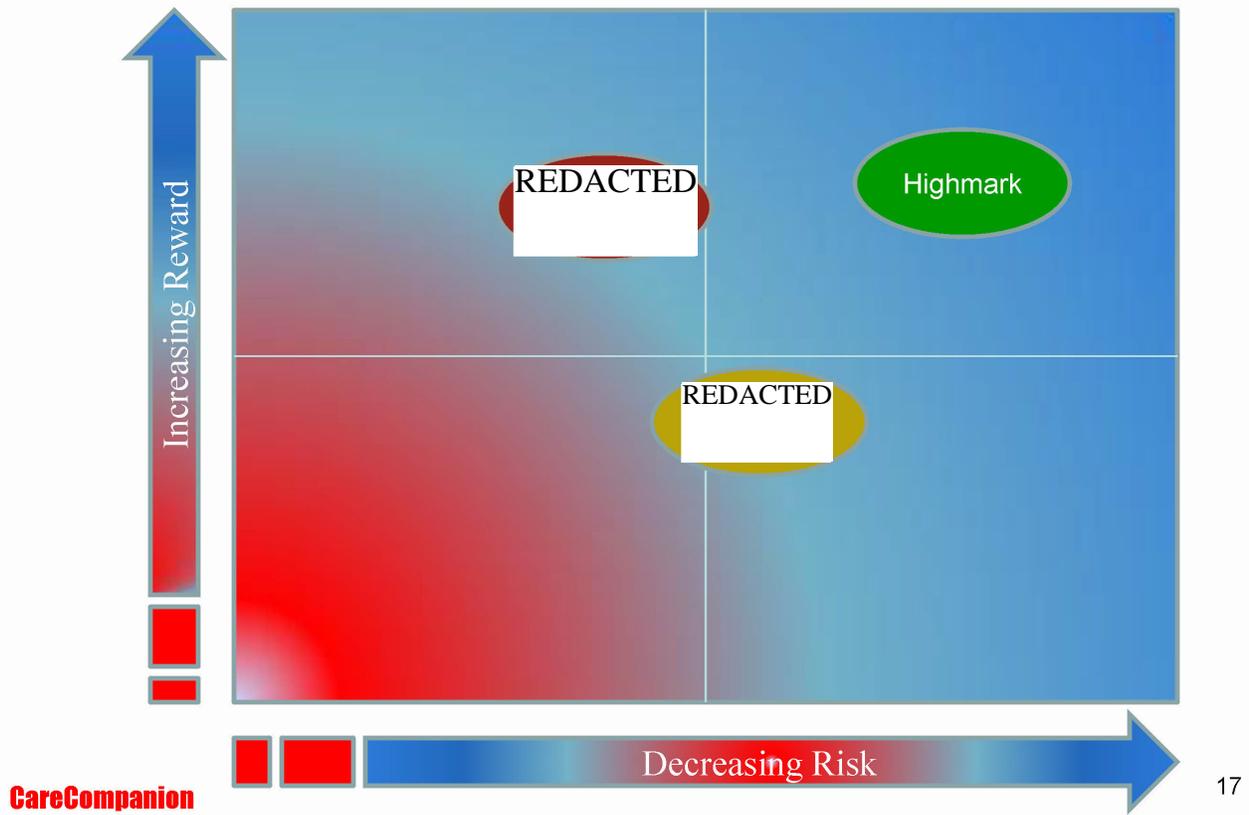
REDACTED



5) Advantages of a Highmark Partnership

- Strong growth and retail orientation
- Proven technology platform
- Successful transition and integration experience
- Surplus remains in Delaware
- Local board with independent community directors
- Potential for additional regional relationships (multiple affiliation models)
- Interim administrative services agreement / good contingency option
- Simple agreement documents
- Clear, Delaware-only regulatory approval path with limited potential objections

Affiliation Risk / Reward Conclusion





Management Recommendation

- Authorize management to enter into exclusive (if necessary) discussions with Highmark and conduct further due diligence.
- Report back to Board with findings and further recommendations within 60 days.

Key Milestones and Timeline





Impact Assessment Appendix



Impact Assessment

Stakeholders

Employers/Customers

➤ Cost/Pricing

➤ Products

➤ Tools and Support

➤ Medical Management

➤ Wellness/Prevention

➤ Financial Strength

➤ Other

Subscribers/Members

➤ Products

➤ Provider Networks

➤ Tools and Support

➤ Wellness/Prevention

Delaware Residents

➤ Insurance Availability

➤ Health Care Access

State of Delaware

➤ Job

➤ Taxes

➤ Un/underinsured

REDACTED



Stakeholders

Providers

- Participation
- Reimbursement
- Efficiency
- Medical Management
- Satisfaction

Employees

- Culture
- Compensation and Benefits
- Job Security
- Responsibility and Authority
- Satisfaction

REDACTED



Impact Assessment

Organizational
Considerations

Mission and Vision

Governance

Plan Management

Corporate Expertise

Corporate Leadership

Scope of Services

Cost Structure

Reputation / Image

Corporate Citizenship

REDACTED

Strategic
Considerations

Regional
Development

Health Care
Reform

Long-Term
Positioning

BCBSA Influence

Transition and
Integration

Regulatory
Approval

Constituent
Reaction

REDACTED

Title 18, Chapter 50,
5003 d, CFI Issues

a. Not satisfy licensure
requirements

b. Lessen competition

c. Jeopardize financial
stability or prejudice
interest of policyholders

d. Consolidation, merger,
change in management
or corporate structure
unfair to policyholders
or not in public interest

e. Competence,
experience and
integrity of acquirer

REDACTED

Title 18, Chapter 50,
5003 d
Approve unless:

f. Hazardous or prejudicial

REDACTED

Services and
Products

Provider Network

Premiums

Medicare and
Medicaid

Small Group

Under/uninsured

EXHIBIT 24

BCBSD, INC.
BOARD OF DIRECTORS MEETING
JULY 21, 2010

A meeting of the Board of Directors of BCBSD, Inc. was held, pursuant to notice, on July 21, 2010 at 12:00 noon in the corporate offices. The following Directors were present:

Max S. Bell, Jr., Chairman
Ben Corballis, M.D., Vice Chairman
Thomas E. Archie
Bernard J. Daney
Robert F. Rider
David P. Roselle, Ph.D.
Frances M. West, Esq.
William H. Willis, Jr.

BCBSD staff attending: Timothy J. Constantine, President & Chief Executive Officer; William E. Kirk, III, Vice President, General Counsel & Corporate Secretary; and Ellen M. Johnson, Executive Assistant to the President & CEO. Outside legal counsel/consultants attending: Grover C. Brown, Esq., of Gordon, Fournaris & Mammarella (Special Counsel to the Board); Robert C. Cole, Jr., Consultant (via phone); Louis Pavia, Jr., President of CareCompanion; Timothy J. Snyder, Esq., of Young, Conaway, Stargatt & Taylor (via phone); and David S. Swayze Esq., and Michael W. Teichman, Esq., of Parkowski, Guerke & Swayze, P.A.

I. Compensation and Benefits Update

II. Review of Minutes

III. CareFirst Interim Services Agreement

As a follow-up to the Board of Directors meeting of June 24th, Messrs. Constantine and Pavia provided the following reports:

- **Transition Overview and Proposed Funding Requirement** – Mr. Constantine gave an overview of the technology services provided to the company under the current interim services agreement between BCBSD and CareFirst, Inc. (CFI). CFI has indicated that it will begin to unwind services and support to BCBSD, which can be accomplished with six months' notice. Management's recommendation is to enter into an Interim Administrative Services Agreement

with Highmark, Inc. to replace the CFI agreement. Management and its advisors are reviewing a proposal from Highmark. Thus far, management is satisfied with the terms and conditions of the proposal. Mr. Constantine presented a description and proposed timeline of the major initiatives required to successfully migrate the impacted services from CFI to Highmark. He also identified the key risks and challenges associated with the transition initiative process. The estimated total cost of the transition initiative is \$4.8 million, based on an 18-month timeline with two components still to be determined. In order to initiate the transition process, Mr. Constantine requested that the Board of Directors approve seed funding in the amount of \$1.5 million. During the fourth quarter of 2010, Mr. Constantine will present a proposed refined initiative plan and recommendation for the total funding required to the Board for its review and action.

Mr. Pavia pointed out that BCBSD would have to make these investments, regardless, since CFI is no longer in a position to support the company's systems in the long term.

- **Proposed Highmark Interim Administrative Services Agreement** – Mr. Pavia provided an overview of the proposed Interim Administrative Services Agreement (IASA) between BCBSD and Highmark. The IASA would replace the services and technology currently provided by CFI, as identified by Mr. Constantine. He described the major components of the IASA, which are the Administrative Services Agreement, Scope of Work, Statement of Work and Plan, Service Level Agreement, Governance Structure and Process, and Fees and Financial Responsibilities. The IASA would allow for and provide processes and procedures to change the Scope of Work under various circumstances. Mr. Pavia also reviewed the key provisions of the IASA.

In reply to a question posed by Ms. West regarding service and performance guarantee level provisions in the IASA, Mr. Pavia indicated that the proposed agreement contains some joint cross indemnifications addressing such guarantees. He noted that Highmark consistently achieves high scores in the metrics used by the Blue Cross and Blue Shield Association to measure each plan's level of service performance to its members.

Following discussion, upon the recommendation of management and its advisors, and upon motion made and seconded, the Board of Directors of BCBSD, Inc. unanimously voted to adopt the following resolution:

WHEREAS, CareFirst, Inc. ("CFI") and BCBSD, Inc. ("the Corporation" entered into an Interim Services Agreement (the "CFI Agreement") on September 22, 2006, upon BCBSD's disaffiliation from CFI; and

WHEREAS, CFI has informed BCBSD that it wishes to unwind the CFI Agreement; and

WHEREAS, the Corporation is now in the final stages of negotiating an affiliation (the "Affiliation") with Highmark Inc. ("Highmark"); and

WHEREAS, once the proposed Affiliation with Highmark is consummated, the services provided by CFI under the CFI Agreement will be provided by Highmark; and

WHEREAS, in anticipation of the likely consummation of the Affiliation and based upon the notification from CFI that it wishes to unwind the CFI Agreement, it is advantageous to the Corporation to transition to certain Highmark systems and services in advance thereof; and

WHEREAS, Management has therefore negotiated an Administrative Services Agreement

(the “Interim Agreement”) to be entered into by and between the Corporation and Highmark for the provision of administrative services in advance of the date on which the Affiliation will be consummated; and

WHEREAS, the Corporation’s Board of Directors has reviewed the core terms and conditions of such Interim Agreement and finds same to be reasonable and in the best interests of the Corporation.

NOW, THEREFORE, BE IT HEREBY:

RESOLVED: That the proper officers of the Corporation are authorized and directed to finalize the terms and conditions of the Interim Agreement and to execute and deliver the Interim Agreement together with such ancillary documents and agreements as may be required in their judgment to implement these resolutions.

FURTHER RESOLVED: That the proper officers of the Corporation are hereby authorized and directed to cooperate with CFI and Highmark in the orderly termination of the services heretofore provided by CFI under the CFI Agreement, and the transition of such services to Highmark under the Interim Agreement.

Furthermore, the Board of Directors approved management’s request for seed funding in the amount of \$1.5 million to initiate the activities required to achieve a successful transition of services from CareFirst, Inc. to Highmark Inc.

Mr. Constantine stated that management’s plan is to have a fully executed IASA in place before the announcement of an affiliation between Highmark and BCBSD.

IV. Affiliation Proposal

- **Overview of Changes to Draft Affiliation Documents** – Mr. Teichman provided an overview of the changes to the following proposed affiliation transaction documents resulting from negotiations that have occurred since the Board last met on June 24th:
 - **Highmark Affiliation Agreement** – The parties have agreed to revisions to the following provisions:
 - Conduct of BCBSD from December 31, 2009 through closing: BCBSD agreed to an aggregate limit of \$10 million for non-ordinary course transactions not disclosed in the Initial Disclosures; i.e., if this limit is reached, BCBSD will have to seek permission from Highmark to engage in further non-ordinary course transactions.
 - Employee Benefits:
 - For BCBSD’s grandfathered employees and retiree benefits, the basic structure is unchanged; i.e., those benefits will be preserved through amendments to Plan documents, and current employees remain on BCBSD benefit plans for at least two years following closing of the affiliation unless at least one Class A director votes along with the rest of Board to move those employees to Highmark’s benefits at an earlier date. BCBSD would be required to specifically identify the Plans that are subject to grandfathering. After two years, Highmark reserves the right to keep and amend BCBSD plans applicable to non-grandfathered employees rather than move such BCBSD employees to a Highmark plan.

- As reported earlier by Mr. Snyder, there are still outstanding issues under negotiation relative to the tax treatment of certain BCBSD retirement plans.
- Termination: Minor changes respecting the materiality of any breaches of representations and warranties; these changes clarify that the breach must be material in all cases.
- **Amended Certificate of Incorporation** – The parties have agreed on “Highmark BCBSD Inc.” as the corporate name for Blue Cross Blue Shield of Delaware. In Article 13, the majority vote provisions with respect to changes to classes of directors or their respective powers has been clarified to be “a majority of directors “then present” so that a partial slate of Class A directors can act.
- **Amended Bylaws** – Section 5.2(b) includes new language clarifying that the Class A board members will retain their seats beyond their terms until successors are elected and qualified. Additional references to majority of directors “then in office” were included to facilitate board actions.
- **Administrative Services Agreement** – Highmark added a provision that terminates the Interim Administrative Services Agreement upon consummation of the affiliation. The termination of the Interim Administrative Services Agreement may be addressed through additional provisions in the Interim Administrative Services Agreement rather than in the post-closing Administrative Services Agreement.
- **Valuation Summary** – As requested by Mr. Brown, Special Counsel to the Board of Directors, Mr. Pavia of CareCompanion presented the findings of a valuation, which he prepared, of the estimated current fair market value of BCBSD. He first described the three fundamental approaches used in valuing a business for sale – the Income Approach (typically based on the present value of projected future earnings), the Market Approach (which focuses on the market value of benchmark public companies and recent comparable acquisitions), and the Asset Approach (which focuses on the replacement costs and not applicable to BCBSD’s situation). He noted that each methodology involves various assumptions and could yield significantly different results. Ultimately, the fair market value represents the dollar amount that a willing buyer and willing seller are able to agree upon.

Mr. Pavia prepared and presented a Discounted Cash Flow (DCF) analysis of BCBSD to the Board in June 2009. This analysis was similar to the Ellin & Tucker (E&T) Discounted Cash Flow (DCF) analysis of BCBSD presented to the Board in May 2009. The results of Mr. Pavia’s analysis showed BCBSD’s estimated value as \$152.5 million (assuming a relatively weak economic and insurance business recovery) and \$185.2 million (assuming a return to historic business levels). These results were comparable to the E&T strategic buyer range of \$193 - \$220 million. There had been a major change in the economy and the business during 2009, as evidenced by the decrease in the DCF values prepared by CareCompanion in 2008, of \$207 - \$259 million and the significant declines in the market value of publicly traded health insurance companies.

In comparing BCBSD’s current projections with the valuation assumptions used in E&T’s 2009 DCF analysis model, Mr. Pavia found that BCBSD’s currently projected revenue is less, projected revenue growth rate is less, projected medical loss ratio is higher, projected contribution margin percentage is slightly less, projected general and administrative expenses as a percentage of

revenue are higher and the resulting earnings before interest and taxes are substantially lower; however, projected investment income and reserves in excess of 500% risk based capital are higher. Based on these revised assumptions, the valuation would be significantly less than E&T's estimate of \$127 million for the financial investor.

Mr. Pavia also presented the results of his analysis using the Market Approach model for the second quarter of 2010. He delineated the fair market value range based on the valuation ratios of the major public for-profit insurers, which included United Health, HealthNet, Aetna, WellPoint and Coventry. A comparison of market capitalization to revenue and adjusted members indicated a value in the range of \$180 - \$215 million. However, when considering the measures of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) and Net Operating Income, the valuation falls to a range of \$6 - \$50 million. This spread reflects the potential for a strategic partner to reduce BCBSD's costs and improve operating performance.

Mr. Pavia reviewed the many tangible benefits that BCBSD could derive from a partnership with Highmark as discussed in the previous Board meeting. These benefits include reduced administrative and medical costs, increased human and financial capacity, new and enhanced products and services, and reduced capital investment requirements. BCBSD and its subscribers will realize significant, measurable value from this transaction. Based on an estimate of the reduced capital requirements, accelerated growth and reduced costs, these benefits would be valued in excess of \$150 million.

There was a discussion regarding BCBSD's current reserve levels.

After discussion, the Board and Mr. Brown accepted Mr. Pavia's report.

- **Proposed Resolution of the Board of Directors** – Following discussion, the consensus of the Board was that the proposed transaction between Highmark and BCBSD has been thoroughly vetted by the BCBSD Board, management and its advisors. In addition, the Board's opinion is that, overall, the partnership represents the most reasonable and advantageous arrangement for the company, its employees and stakeholders, and the State of Delaware. The partnership offers many tangible benefits that will greatly enhance the company's viability in the marketplace and service to its customers, as well as strategically positioning the company for long-term success.

Upon motion made and seconded, the Board of Directors of BCBSD, Inc., upon the recommendation of management and its advisors, unanimously voted to adopt the following resolution relative to the proposed affiliation between BCBSD, Inc. and Highmark, Inc.:

WHEREAS, for many years, it has been evident to the Board of Directors of BCBSD, Inc. (the "Corporation") that the Corporation needs to be affiliated with a larger licensee of the Blue Cross and Blue Shield Association ("BCBSA") in order to be in a position to provide high-quality, cost-effective products and services to its subscribers; and

WHEREAS, from March 2000 until September 2006, the Corporation was affiliated with CareFirst, Inc. ("CFI") and, during such time, was able to operate under reduced administrative costs, thereby allowing it to compete more effectively in the Delaware health insurance marketplace; and

WHEREAS, following the disaffiliation from CFI in September 2006 (resulting from the adoption of amendments to Maryland law adverse to the interests of the Corporation), the Corporation has experienced a gradual decline in its operating results; and

WHEREAS, the Corporation must upgrade its information technology systems in the near future, which upgrade could consume, if performed on a standalone basis, the majority of the reserves of the Corporation; and

WHEREAS, the Patient Protection and Affordable Care Act of 2010 is likely to impose operating limitations on health insurers that will place further pressure on the Corporation's operating results and reserves; and

WHEREAS, an affiliation with a significant, not-for-profit BCBSA affiliate will provide the Corporation with access to the economies of scale, enhanced product offerings, and information technology systems to allow the Corporation to remain viable in the face of these challenges, and also enable the Corporation to retain its Delaware-based, not-for-profit mission; and

WHEREAS, after an extensive search involving a review of a number of potential affiliation candidates, management has identified Highmark Inc. ("Highmark") as the not-for-profit affiliation candidate with the best combination of economies of scale, state-of-the-art information technology systems, regional presence, and compatible corporate culture; and

WHEREAS, management has negotiated an Affiliation Agreement under which Highmark will become the sole member of the Corporation while the Corporation would retain its local presence and an acceptable measure of local control; and

WHEREAS, the Corporation's Board of Directors has been provided with: (i) a proposed Affiliation Agreement; (ii) a proposed Amended and Restated Certificate of Incorporation; (iii) the proposed Amended Bylaws; (iv) a proposed Administrative Services Agreement; and (v) a proposed Line of Credit Agreement, as well as a summary of the key terms and conditions of these proposed documents and such other information as the Board has deemed relevant for its review of the proposed transaction.

NOW THEREFORE BE IT HEREBY:

RESOLVED: That the Corporation's Board of Directors hereby approves the Affiliation Agreement, subject to satisfactory resolution of the remaining issues identified by management and counsel at today's meeting.

FURTHER RESOLVED: That the proper officers of the Corporation are authorized and directed to execute and deliver the Affiliation Agreement.

FURTHER RESOLVED: That the proper officers of the Corporation are authorized and directed to prepare amendments to the Corporation's Certificate of Incorporation and Bylaws, consistent with the form proposed under the Affiliation Agreement, and to submit such amendments to the Board of Directors of the Corporation for approval by the Board and the Corporation's Members in accordance with Section 242(b)(3) of the Delaware General Corporation Law, to be effective with and conditioned upon the Closing of the Affiliation Agreement.

FURTHER RESOLVED: That the proper officers of the Corporation are hereby authorized and directed to make all necessary regulatory filings before the State of Delaware and the government of the United States, to secure all required regulatory

approvals, and to take any and all actions required by the Blue Cross and Blue Shield Association in connection with the completion and fulfillment of the transactions contemplated by the Affiliation Agreement.

FURTHER RESOLVED: That the proper officers of the Corporation are hereby authorized and directed to execute all other documents, certificate agreements and instruments required in connection with the Affiliation Agreement, and to take such other actions as may be necessary or desirable to carry out the foregoing resolutions.

V. Regulatory / Communications Plan

VI. Timing / Next Steps

As reported earlier in the meeting, management needs to resolve the outstanding employee/retiree issues before the parties execute the Affiliation Agreement documents. The Highmark Board of Directors is scheduled to meet on July 28, 2010 to take action regarding the proposed transaction. Once the Highmark Board grants its approval, the BCBSD Affiliation Work Group will begin the process of preparing and filing the necessary regulatory filings in Delaware. Messrs. Bell, Brown, Constantine and Kirk will meet at a later time to develop a process to fill the four Class A director seats, which must be completed before the transaction closing occurs.

VII. Other

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VIII. Adjournment

There being no further business, the meeting adjourned at 2:05 p.m.

Respectfully submitted:

Ellen M. Johnson
Executive Assistant to the President & CEO

EXHIBIT 25

**PRE-HEARING
JOINT COMPREHENSIVE STATEMENT
OF
BCBSD, INC. AND HIGHMARK INC.**

August 24, 2011

The Delaware Department of Insurance (“Department”) has requested that the Applicants in the matter of the proposed affiliation (the “Affiliation”) of BCBSD, Inc. (“BCBSD”) with Highmark Inc. (“Highmark”) provide to the Department at this time, prior to the hearing scheduled for October 5-7, 2011, a “comprehensive statement” concerning why the Applicants believe that the proposed affiliation meets the criteria made applicable to this matter under the Commissioner’s Pre-Hearing Order dated October 20, 2010 (the “Pre-Hearing Order”). The Department has requested this submission in order to assist the Department’s expert, The Blackstone Group (“Blackstone”), in its analysis of the proposed Affiliation so that Blackstone may conclude and issue its report on this matter by September 2, 2011. This submission is made pursuant to the Chapter 3 examination the Department is conducting and therefore the Applicants understand that this document will be treated as confidential pursuant to 18 *Del. C.* §321(g).

Under the Pre-Hearing Order, the applicable criteria are those standards set forth in 18 *Del. C.* §5003(d)(1). In this Joint Comprehensive Statement prepared by Highmark and BCBSD, each standard is reproduced below, followed by a summary of the reasons why Highmark and BCBSD believe the Affiliation meets the statutory criteria, based upon evidence that will become part of the hearing record in this matter. While this listing of reasons is comprehensive, the Applicants expect to expound on and expand this listing of reasons as the record is developed prior to and at the hearing.

Please note that the statutory criteria are preceded by the following paragraph:

- (1) “**The Commissioner shall approve any merger or other acquisition of control referred to in subsection (a) of the section unless, after a public hearing thereon, the Commissioner finds that:” (Emphasis added)**

Accordingly, assuming the Applicants submit, through their Affiliation Statement (Form A) filing, full and complete information required by the statute sufficient to support approval of the filing, it shall be approved unless the Commissioner finds that one of the six bases to disapprove the filing exists.

- (a) After the change of control, the domestic insurer referred to in subsection (a) of this section would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed.***

1. **License Not Required.** At the present time BCBSD does not have a license (*i.e.*, a Certificate of Authority) as an ordinary health insurer. Rather, BCBSD is authorized to write health insurance business as a health service corporation under Chapter 63 of Title 18. The licensing provisions of Chapter 5 of Title 18, that are applicable to ordinary insurers, are not applicable to BCBSD. Moreover, because it was in existence prior to

November 1, 1968 (the date on which Chapter 63 of Title 18 became effective), BCBSD is not required to obtain a certificate of authority. See 18 Del. C. § 6304. BCBSD's licensing status will not change as a result of the closing of the transaction.

2. **BCBSD Remains a Not-For-Profit Health Service Corporation.** Nothing about the transaction changes BCBSD's status under Chapter 63. Indeed, following consummation of the transaction, BCBSD will remain a not-for-profit Delaware non-stock corporation that will continue to meet the definition of "health service corporation" under 18 Del. C. 6302, which reads as follows:

§ 6302. Health service corporation defined.

"Health service corporation" means a nonprofit corporation, without capital stock, organized under the laws of this State for the purpose of establishing, maintaining and operating plans to provide hospital, physicians' or related health services, or indemnity therefor, for such persons as become members or subscribers of any plan of such corporation.

3. **No Change In BCBSD Financial Condition.** BCBSD's financial condition will not change as a result of the closing of the transaction. As of June 30, 2011, BCBSD's statutory surplus was \$181 million.

(b) *The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this State or tend to create a monopoly therein. In applying the competitive standard in this paragraph...*

1. **Dental Issue Only.** In its June 14, 2011 e-mail to Karen Hanlon at Highmark (Attachment 1), Blackstone noted that none of the lines of business written by BCBSD and Highmark exceed the competitive threshold *prima facie* standards set forth in 18 Del. C. § 5003A(d) except for dental. As to the dental business, the key market shares break down as follows:

• Delta Dental Inc. and Delta Dental of DE, Inc.:	77.70%
• Highmark:	6.87%
• BCBSD:	13.04%

2. **Presumption Rebutted.** By exceeding the *prima facie* threshold, the combination of BCBSD's and Highmark's market shares in the dental line of business creates a rebuttable presumption that the competitive standard as to the dental line of business would be violated by the Affiliation. However, as discussed in detail in Highmark's letter to Blackstone dated July 21, 2011, the presumption is fully rebutted as follows:

- The dental market *in Delaware* is minimally competitive at the present time. Delta Dental has a market share of 77%. By comparison, BCBSD currently has only 13.04% of the market share, and Highmark, through its affiliate United Concordia Life and Health Insurance Company ("United Concordia"), has 6.87% of the market share which would result in a combined market share of only 19.91%. With an almost 80% market share, Delta Dental has a virtual monopoly

on the Delaware dental insurance marketplace. Accordingly, a combination of BCBSD and United Concordia will actually help make the market more competitive, not less, by introducing a stronger combined entity into the market.

- **Competition to be Increased.** The United Concordia business is predominantly composed of employees of Pennsylvania employers who live in Delaware and is not the result of active marketing by United Concordia in Delaware. If the affiliation is approved, it is contemplated that United Concordia would indeed become an active competitor in the Delaware dental insurance marketplace. It would have a much better chance of succeeding in penetrating the Delaware market than has BCBSD to date. This is largely due to the fact that BCBSD's dental plan is a standard reimbursement plan that does not utilize a provider network. On the contrary, United Concordia provides a more robust dental plan that utilizes a provider network (as does, by the way, the dominant player in the market, Delta Dental). United Concordia will be able to offer an employer group plan as well as an individual product. Again, given the overwhelming dominance of Delta in the market, these factors will foster rather than stifle competition.

BCBSD also presently controls a small book of dental business underwritten by Dominion Dental. (Annual premiums in 2010 of approximately \$319,676, which would be less than 1% market share). BCBSD acts as the exclusive marketing organization for Dominion Dental in Delaware. After affiliation, BCBSD plans to terminate its relationship with Dominion Dental. Dominion Dental would then be able to contract with other marketing organizations to offer its dental products and compete in the Delaware dental insurance market place.

- **No Significant Barriers to Entry.** We are aware of no significant barriers to entry into the Delaware dental insurance marketplace, other than the routine licensing and compliance requirements applicable to all insurers.

For these reasons, we believe that the anticompetitive effect prohibited by 18 Del. C. § 5003A(d)(2)(a) does not exist.

3. **No Bundling.** Neither BCBSD nor United Concordia would impose any "bundling" requirement after the Affiliation. In other words, BCBSD would not require a customer to purchase United Concordia dental coverage in order to purchase BCBSD health coverage. Nor would United Concordia require a customer to purchase BCBSD health coverage in order to purchase United Concordia dental coverage. Each will be offered on a stand alone basis by two different entities.
4. **Predominate Public Benefit.** Finally, Section 5003(d)(1)b.2. provides that the acquisition of control *shall not* be disapproved if any of the criteria provided by Section 5003A(d)(3) exist. This section prevents disapproval (on the basis of competition) if the acquisition of control will yield substantial economies of scale or economies in resource utilization that cannot be feasibly achieved in any other way, as well as whether the public benefits that would arise from those economies exceed the public benefits that would arise from not lessening competition. As demonstrated by all of the documents produced by Highmark and BCBSD throughout the course of this approval process, we believe that the benefits

of the affiliation, specifically including economies of scale and economies in resource utilization, far outweigh any concerns that may arise concerning the dental coverage. Finally, we note that dental, as a line of business in Delaware, is an insignificant aspect of the overall transaction.

For all of the foregoing reasons, substantial evidence exists that the resulting affiliation of Highmark and BCBSD will have no anticompetitive effect whatsoever, and in fact could serve to increase competition in the Delaware dental insurance market.

(c) The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders.

1. **Relative Size.** Highmark is one of the 10 largest health insurance companies in the United States in terms of membership, with more than 4.8 million members, and is the largest not-for-profit Blue Plan by total revenue.
2. **Financial Strength.** Highmark is a very well capitalized health insurer, as demonstrated by the following:
 - Highmark had over \$6 billion in premium revenues and \$3.7 billion in reserves (surplus) December 31, 2010, as reflected in its statutory Annual Statement filed with its domestic regulator, the Pennsylvania Insurance Department.
 - Highmark's net income for 2010 was over \$281 million.
 - As of year-end 2010, Highmark's Risk Based Capital ("RBC") was at the higher-end of the range defined as "sufficient" by the Pennsylvania Insurance Department which is the range of 550% to 750%. (Highmark's actual number was 696%.)
3. **High Ratings.** Highmark is "A" rated by A.M. Best and Standard and Poors.
4. **Support for BCBSD.** Highmark's strong financial position would enable it to provide a measure of financial assistance to BCBSD, if needed, pursuant to the \$45 million Line of Credit Agreement attached as an exhibit to the Business Affiliation Agreement.
5. **No Access to BCBSD Assets.** Highmark has no need or plans to access any of BCBSD's assets or surplus funds, and, in fact, legally could not do so without the prior approval of the Delaware Department pursuant to a Form D filing under the Delaware Insurance Holding Company Act.
6. **No Profit for Administrative Services.** As contemplated by the Business Affiliation Agreement, Highmark and BCBSD will enter into an Administrative Services Agreement whereby Highmark will provide administrative services to BCBSD; however, Highmark will provide these at cost and will forego any profit from these services.
7. **No Impact on Highmark's Financial Condition.** Highmark does not project that the Affiliation will have any detrimental impact on its financial condition.

(d) The plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the insurer and not in the public interest.

1. **No Plans to Merge, et al.** Highmark has no plans or proposals to liquidate BCBSD, sell its assets, or to consolidate or merge it with any other person.
2. **Needed Business Changes to be Beneficial.** Both BCBSD and Highmark do, of course, anticipate a number of changes in BCBSD's business. These changes will not only be fair and reasonable to BCBSD subscribers and in the public interest, but are intended to be highly beneficial to subscribers and the insurance buying public and to foster the public interest. In order to understand these benefits, one must first understand the challenges facing BCBSD:
 - Although BCBSD has existed on a stand-alone basis since 2006, the fundamental need for BCBSD to be affiliated with a larger plan has not abated. Significant consolidation has occurred in the health insurance industry over the last twenty years, illustrated by the fact that in 1993, 80% of the U.S. health insurance market share was held by 47 insurers, whereas today just 9 insurers hold this 80% market share. Large consolidated insurers that compete with BCBSD enjoy a size and scale that provides them with advantages over a smaller plan such as BCBSD. These advantages include:
 - Economies of scale resulting in lower administrative overhead.
 - Access to the resources necessary to develop new products and services demanded by the insurance marketplace.
 - Access to information technology systems, software and infrastructure necessary to administer health insurance products and pay claims in today's technology intensive environment.
 - Access to resources, technology and other capabilities required to effectively implement federal and state mandates, including the provisions of the Patient Protection and Affordable Care Act.
 - BCBSD's primary competitors are Aetna, Coventry and United. These competitors dwarf BCBSD in size, and each have a national presence with business and technology capabilities BCBSD cannot match as a small, independent and not-for-profit company. These large insurers have the capital to invest in the leading edge technologies that consumers and providers demand, and they have the size and leverage to secure greater economies of scale and favorable national medical cost agreements.
 - Deloitte, an international consulting firm, was retained by BCBSD to conduct a capabilities assessment in 2004. This assessment was updated in 2008 and 2010 and compared BCBSD capabilities against market requirements and industry

competitors to project future capital requirements and priorities. In its assessment of BCBSD, Deloitte has determined that on a stand-alone basis, BCBSD would need to make near-term investments in capability improvements in the range of \$88 million to \$140 million over the next few years to maintain its position in the marketplace. Given that BCBSD currently delivers its business on a core operating system installed in the mid 1980's, BCBSD's future is dependent on near term access to leading edge technology and business solutions, yet the expenditure associated with these investments would amount to between 49% and 77% of BCBSD's current surplus.

- While the Deloitte study focuses on technology enhancements, it should be recognized equally that to remain competitive, BCBSD also needs access to enhanced product offerings and expanded capabilities in the senior segment, government programs, compliance capabilities, consumer services, research and development resources, and the overall strategic wherewithal a large affiliate with greater resources can provide.
 - The health care industry has transformed considerably over the last decade, with intense demand for cost control and significant expansion in regulatory oversight, the most direct evidence of which is the 2010 passage of the Patient Protection and Affordable Care Act (PPACA). From a very practical view, a small, independent plan is not likely to have the human technical resources to effectively evolve to meet these demands on its own.
 - Also important is the financial security an affiliation with a larger, very well capitalized entity such as Highmark brings to BCBSD's stakeholders. As a small company, BCBSD's reserves (*i.e.*, surplus) are more limited and subject to greater volatility than the surplus of a large company, a consequence that has led industry analysts to determine that smaller companies need to maintain higher relative surplus levels than large companies. This is dramatically illustrated by the 30% drop in BCBSD's reserves in 2008 due largely to the economic downturn.
3. **Best Solution to Needs of BCBSD.** With these challenges at the core of its long-term planning, BCBSD is pursuing the affiliation with Highmark after a thorough assessment of its strategic options over a four-year period following BCBSD's disaffiliation with CareFirst. BCBSD believes that the agreement with Highmark offers the most practical, efficient and cost-effective means for assuring that BCBSD can meet the near-future and long-term needs of its Delaware stakeholders, while remaining a viable and robust presence in the larger Delaware community. As highlighted below, with a Highmark affiliation, BCBSD will obtain access to these advantages as the means for offering the best and most affordable options for its stakeholders in Delaware.
4. **Claims Guarantee.** Under the Affiliation, Highmark must, pursuant to Blue Cross Blue Shield Association ("BCBSA") rules, guarantee to the full extent of its assets, all of the contractual and financial obligations of BCBSD to its customers, as BCBSD would become a controlled affiliate of Highmark. This guarantee will provide an extra layer of protection for BCBSD's customers.

5. **Greatly Reduced IT Investment Requirement.** With the Highmark affiliation, BCBSD would expect to invest approximately \$51 million between 2011 and 2015 to migrate onto Highmark technology and business platforms. This represents a substantial savings to BCBSD and its stakeholders from the estimated \$130 million that the company would need to expend as an independent health insurer.
6. **Increased Products and Services.** A number of Highmark products and services may become available through BCBSD as the Affiliation matures and market conditions dictate, including:
 - Medicare Advantage
 - Medicare Part D
 - BlueEdge Dental
 - Highmark Vision
 - Medicaid Managed Care
 - Retail Stores

Also, BCBSD's affiliation with Highmark will enable BCBSD to provide a buy-in product to supplement Delaware's Children's Health Insurance Program. This program will allow for subsidized insurance premiums for the approximately 22,000 children in Delaware who are uninsured but who do not meet the eligibility criteria for Medicaid or full cost, "free," CHIP.

7. **Benefits to Delaware Stakeholders.** Delaware stakeholders will greatly benefit from Highmark's state-of-the-art technology and systems.
 - **Members.** BCBSD's members would have access to Highmark's member portals – My Blue Link and Blues On Call.
 - My Blue Link – web-based resource center
 - Blues On Call – "health coach" via registered nurse provides information about specific health-related topics
 - **Employers.** BCBSD's employer groups will have access to Highmark's employer portal – Highmark Online.
 - View membership and group information
 - Update eligibility
 - View their claims bill online
 - E-mail customer service
 - Leverage online reporting functionality to track employee FSA and HRA
 - **Providers.** BCBSD's providers will have access to Highmark's provider portal – NaviNet, which enables providers to:
 - Obtain information regarding fee schedules
 - Check member eligibility of claim status
 - Submit changes resulting in direct updates into the appropriate system

Providers will also greatly benefit from Highmark's Real-Time solutions, which include:

- Real-Time Estimation
Allows providers to determine accurate member liability
- Real-Time Claim Adjudication
Allows providers to submit a claim that is processed in real-time at the point of service
- Accelerated Payment
Increases speed of payment to providers if they participate in Real-Time and EFT/paperless programs.

- **Producers.** BCBSD's brokers and agents will have access to Highmark's producer portal.

- Use the Small Group quoting tool for prospective Small Group business
- Obtain online quotes and applications for individual products
- Leverage online commission statements and agency related reporting

8. **Maintenance of Delaware Presence.** Another advantage to Delawareans that results from the Affiliation is that Highmark and BCBSD have committed to maintaining a significant Delaware presence and to maintain the BCBSD corporate headquarters in Delaware. Furthermore, the parties have agreed to use commercially reasonable efforts to maintain employment levels that are proportionate to those in other Highmark service areas. Confirming this, Highmark is committed to the following regarding employment stability for BCBSD if the Affiliation is approved.

- Highmark will assure the total FTE positions in Delaware will be the same after implementation of the Affiliation is complete (approximately 18 months) as it was at the start of the Affiliation integration activities. The positions will be either BCBSD positions or Highmark positions located in Delaware.
- Any BCBSD employees whose positions are eliminated due to the implementation will be given the first opportunity to fill any new positions that are created in Delaware.
- If there is a significant decrease in BCBSD's enrollment or market share during the implementation period (*i.e.*, from the loss of a large customer) that results in any lost positions, Highmark will not be responsible to replace those lost positions.
- Highmark will also make good faith efforts to locate additional FTE positions in Delaware as Highmark's business opportunities arise.

9. **Lower Premium Increases.** Current projections anticipate that premiums will increase in the Delaware health insurance marketplace regardless of the affiliation status of BCBSD. However, BCBSD and Highmark have projected, in Exhibit 9 to the Affiliation Statement, that these rate increases will be lower (about 3%) under the Affiliation scenario than if BCBSD were to continue on a standalone basis. BCBSD and Highmark do not project any changes in the costs charged by providers to their patients or their patient's insurers as a result of the Affiliation.

10. **Fortification of BCBSD Financial Condition Long-Term.** The *pro forma* financial projections in Exhibit 9 also demonstrate the positive impact that the Affiliation is expected to have on BCBSD's financial position. These *pro forma* financials project that, on a standalone basis, BCBSD's RBC and reserves will deteriorate significantly as BCBSD makes capital expenditures on IT capabilities and thereafter begins to depreciate these items. In fact by 2015, on a standalone basis BCBSD projects that, largely as a result of these capital expenditures, BCBSD's reserves may shrink to just under \$100 million (from over \$181 million today) and its RBC may drop to as low as 550% of authorized control level (from approximately 1,000% presently). By contrast, under an affiliation scenario, BCBSD reserves are expected to grow to over \$200 million by 2015, and its RBC levels will remain steady in the range of 1,000%.
 11. **No Access to BCBSD Assets.** Although Highmark will become the sole corporate member of BCBSD following closing, this does not mean that Highmark has any right to dividends or distributions of profits or retained earnings from BCBSD. To the contrary, because Highmark will not have a "membership interest" as that term is defined in 8 *Del. C.* § 114(d)(2), Highmark will have no right to share in the profits and losses of BCBSD (*i.e.*, BCBSD cannot pay any dividends to Highmark).
 12. **Continued Commitment to Community.** The parties do not expect to make wholesale changes in BCBSD's day to day activities or policies. Thus, for example, there are no plans for any substantial changes in BCBSD's provider contracts or to contracting activities, which are expected to remain a local function. Similarly, there are no plans to change BCBSD's present practice of community support, highlighted by its funding of a donor advised fund, *Blue Prints for the Community*, most recently the recipient of a \$1,630,000 donation from BCBSD in May, 2011.
- (e) ***The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control.***
1. **Highmark's Directors and Officers.** The qualifications of Highmark's board and executive management are described in the biographical affidavits filed with the Affiliation Statement. These affidavits demonstrate that the Highmark board and management is highly qualified to competently govern and manage Highmark and all of its affiliates
 2. **Highmark's Additions to BCBSD Board.** In addition to being responsible for the day to day operations of Highmark, three of the four BCBSD Class B directors, Highmark CEO, Dr. Kenneth Melani, Highmark Treasurer and CFO, Nanette DeTurk, and Highmark Executive Vice President of Health Services, Deborah Rice, will come from the ranks of Highmark executive management. The final Class B director will be selected in accordance with the requirements of SB 146, and will thus be a Delaware resident. The Parties are in the process of identifying potential candidates for this position.
 3. **BCBSD Management Retained.** While the companies anticipate eventual synergies through consolidation of some management functions, there are no current plans to make material changes to the management of BCBSD; indeed, Timothy Constantine, the

present President of BCBSD, will continue to fill this role post closing. As for the Class A directors, each will be selected by BCBSD from the members of the present BCBSD board, all of whom are prominent Delawareans and who have successfully governed BCBSD for many years.

4. **Proven Affiliation Success in West Virginia.** Perhaps the best evidence that the competence, experience and integrity of Highmark's management is not such that it would not be in the interest of BCBSD subscriber or the Delaware public to permit the acquisition of control is the West Virginia success story. Highmark and the West Virginia Blue Cross Blue Shield plan [formerly Mountain State Blue Cross Blue Shield and now Highmark Blue Cross Blue Shield West Virginia ("Highmark WV")], entered into their first agreements in 1999 which evolved into an affiliation that is very similar to the proposed Affiliation between Highmark and BCBSD. Over the first ten years of Highmark WV's relationship with Highmark (1999-2010), Highmark WV's surplus increased from \$19 million at December 31, 1999, to \$242 million at December 31, 2010; its RBC rose from 276% at December 31, 1999 to 1013% at December 31, 2010; and its membership rose from 253,000 at December 31, 1999, to 544,000 at December 31, 2010. Fulltime employees in West Virginia increased from 670 in 1999 to 850 in 2010, as Highmark WV filled a jobs need for Highmark at that time.

(f) *The acquisition is likely to be hazardous or prejudicial to the insurance buying public.*

1. **Affiliation Will Benefit Public.** Far from being hazardous or prejudicial, the Affiliation will have positive benefits to the insurance buying public, including:
 - Improvement in the projected financial strength of BCBSD for years to come, backstopped by the guaranty of Highmark, a \$6 billion company.
 - The likely introduction of many products and services that BCBSD presently does not have the resources to offer. By increasing the array of products that might be offered to different segments of the public, including the individual market and senior market, and by reducing the amount of future rate increases for health insurance coverage in Delaware as provided by BCBSD, the Affiliation will have a positive impact on access to healthcare in Delaware. BCBSD subscribers will also have access to Highmark's integrated care management services, which are designed to deliver comprehensive health management services that promote better health and optimize health care investment. These programs help to prevent illness, lower risk, and slow disease progression, thus improving health outcomes and controlling costs. The programs combine health management, pharmacy benefit and productivity management programs.

Services include:

- A full range of wellness programs
- Discounted access to national network of complementary and alternative health providers
- 24x7 telephonic coaching for chronic diseases and targeted conditions
- Decision support tools

- Large case management services
- Dedicated medical director consultative services
- Reporting and clinician data analysis

Page 36-38 of the attached document entitled Partnering for a Better Future – Partnership Memorandum Response – October 15, 2009 (**Attachment 2**) provides important details concerning these services that will help improve quality of care for Delaware citizens.

- A commitment to an ongoing Delaware presence.
- Smaller projected rate increases.
- Real-time services designed to assist the provider community.

By ensuring the financial stability and future competitiveness of BCBSD, Delaware's largest health insurer, and by making available more health insurance products and services to both insureds and providers, the Affiliation will ensure that BCBSD will remain a viable third party payor, thereby helping to enhance both the quality and availability of health care in Delaware

Please also note the reasons cited for meeting standard (d) herein-above, which are also applicable to this standard (f).

Based upon the information set forth above, Highmark and BCBSD maintain that the proposed affiliation meets the criteria made applicable to this matter under the Pre-Hearing Order.

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ATTACHMENT 1

Kayla Anousakes

From: Wright, Cooper [Cooper.Wright@Blackstone.com]
Sent: Tuesday, June 14, 2011 10:03 AM
To: Hanlon, Karen
Cc: Alderson Smith, Martin; Newman, Brett; Zhang, Betty; Polizoti, Leslie; Houghton, Mike; Mayrack, Brenda; Sencak, Jack; Bittner, Ed; Doak Foster, Reed, Gene; Sizemore, Linda; Santana, Charles; Lonchar, Dave; Rick Campbell; Gebhard, Ken B; Sencak, Jack; Colwell, Kathy
Subject: Competition Analysis
Attachments: Blackstone Disclaimer.txt

Karen,

Hope all is well.

Per our discussion last week, I have attached the consolidated NAIC data package. This data, provided by the DOI, is being used to analyze individual insurance markets (by 'line of business') for potential competition issues. You will see that the Dental category has 'tripped' the arithmetic test according to the Delaware code.

For your reference:

-We are providing data in categories where BCBSD and Highmark both maintain licenses and have recorded premium revenue

-File ah2010 contains the complete list of Accidental and Health insurers licensed in Delaware (broad data used for general information)

-File group 2010ms contains the list of insurers licensed in Delaware with recorded premiums in the group line (a sub-category of comprehensive-per the NAIC). You will see that Highmark's subsidiary does not have meaningful market share in this category so there are not competitive concerns

-File ms2010 dental v2 contains the list of insurers licensed in Delaware with recorded premiums in the dental category. You will see that the respective market shares for BCBSD and Highmark appear, in combination, to fail the competitive test set in the code.

{The code stipulates that if the market is highly concentrated (which means that the top four market participants have greater than 75% of the total market) and the two combining participants each have greater than 4% share then there exists evidence of a prima facie competition violation.}

Please let us know if you have some time to discuss as we would very much appreciate your perspective on this topic.

Thanks,
Cooper

Please open the following attachment for important Blackstone disclaimer information regarding this e-mail communication.

Market Share by Line of Business - Health

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Include Zero Companies: No Business Type: Health Line of Business: Group Comprehensive

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio		
12	19445	National Union Fire Ins Co Of Pitts	PA	570,196	43.01%	43.01%	565,636	233,679	41.31%		
	53287	BCBSD Inc	DE	347,983	26.25%	69.26%	347,983	288,791	82.99%		
1137	96460	Coventry Hlth Care of DE Inc	DE	99,092	7.47%	76.73%	99,092	78,361	79.08%		
707	79413	UnitedHealthcare Ins Co	CT	62,087	4.68%	81.42%	61,524	0	51,802	51,836	84.25%
241	65978	Metropolitan Life Ins Co	NY	36,333	2.74%	84.16%	36,227	0	36,490	38,564	106.45%
91	70815	Hartford Life & Accident Ins Co	CT	24,287	1.83%	85.99%	24,176	0	8,958	11,355	46.97%
1	60054	Aetna Life Ins Co	CT	23,869	1.80%	87.79%	23,787	0	22,193	23,318	98.03%
901	65498	Life Ins Co Of N Amer	PA	11,596	0.87%	88.67%	11,596	0	2,963	3,381	29.16%
91	19682	Hartford Fire In Co	CT	10,200	0.77%	89.44%	10,200	0	0%		
936	95044	Amerihealth Hmo Inc	PA	9,054	0.68%	90.12%	9,037	5,423	60.01%		
565	62235	Unum Life Ins Co Of Amer	ME	8,951	0.68%	90.79%	8,999	0	5,437	5,155	57.28%
901	62308	Connecticut Gen Life Ins Co	CT	8,252	0.62%	91.42%	8,281	0	46,406	46,631	563.11%
304	68241	Prudential Ins Co Of Amer	NJ	8,205	0.62%	92.03%	8,179	17	3,147	3,787	46.30%
19	70408	Union Security Ins Co	KS	7,052	0.53%	92.57%	7,006	0	2,138	1,793	25.59%
707	96940	Optimum Choice Inc	MD	6,155	0.46%	93.03%	6,172	4,001	64.83%		
38	20281	Federal Ins Co	IN	5,783	0.44%	93.47%	5,549	4,449	80.18%		
332	61271	Principal Life Ins Co	IA	5,779	0.44%	93.90%	5,880	0	3,880	3,740	63.61%
936	93688	QCC Ins Co	PA	4,810	0.36%	94.27%	4,814	3,371	70.02%		
429	64246	Guardian Life Ins Co Of Amer	NY	4,789	0.36%	94.63%	4,763	0	3,132	3,213	67.46%
74	68381	Reliance Standard Life Ins Co	IL	4,424	0.33%	94.96%	4,370	0	2,023	2,289	52.38%
812	93440	HM Life Ins Co	PA	4,307	0.32%	95.29%	4,358	0	1,318	1,414	32.45%
140	66869	Nationwide Life Ins Co	OH	3,892	0.29%	95.58%	3,748	0	2,179	2,276	60.73%
626	22667	Ace Amer Ins Co	PA	3,743	0.28%	95.86%	3,719	3,918	105.35%		
264	97055	Mega Life & Hlth Ins Co The	OK	3,230	0.24%	96.11%	3,268	0	2,393	1,915	58.60%
1129	20621	OneBeacon Amer Ins Co	MA	2,761	0.21%	96.31%	2,939	1,343	45.70%		
492	68721	Security Life Ins Co Of Amer	MN	2,588	0.20%	96.51%	2,588	0	1,739	1,739	67.19%
12	66842	American Gen Life Ins Co of DE	DE	2,228	0.17%	96.68%	2,086	0	4,254	4,066	194.92%
19	69477	Time Ins Co	WI	2,189	0.17%	96.84%	2,214	0	966	955	43.13%
943	61301	Ameritas Life Ins Corp	NE	1,984	0.15%	96.99%	1,968	0	1,433	1,401	71.19%
111	65315	Liberty Life Assur Co Of Boston	NH	1,742	0.13%	97.12%	1,716	0	1,096	1,104	64.34%
1348	69019	Standard Ins Co	OR	1,646	0.12%	97.25%	2,498	0	1,478	632	25.30%
468	86231	Transamerica Life Ins Co	IA	1,594	0.12%	97.37%	1,603	0	1,160	1,211	75.55%
451	71870	Fidelity Security Life Ins Co	MO	1,531	0.12%	97.48%	1,531	0	724	808	52.78%
229	67105	Reliastar Life Ins Co	MN	1,419	0.11%	97.59%	1,427	0	349	55	3.85%
917	71129	Fort Dearborn Life Ins Co	IL	1,398	0.11%	97.70%	1,398	0	782	782	55.94%

Market Share by Line of Business - Health

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Include Zero Companies: No Business Type: Health Line of Business: Group Comprehensive

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio			
19	65080	John Alden Life Ins Co	WI		1,330	0.10%	97.80%	1,366	0	744	737	53.95%
904	65838	John Hancock Life Ins Co (USA)	MI		1,278	0.10%	97.89%	1,270	0	33	33	2.60%
1137	81973	Coventry Hlth & Life Ins Co	DE		1,247	0.09%	97.99%	1,247	1,812	145.31%		
20	65676	Lincoln Natl Life Ins Co	IN		1,220	0.09%	98.08%	1,222	0	759	897	73.40%
261	69868	United Of Omaha Life Ins Co	NE		1,193	0.09%	98.17%	1,220	0	917	1,020	83.61%
176	25178	State Farm Mut Auto Ins Co	IL		1,192	0.09%	98.26%	1,192	1,420	119.13%		
450	69078	Standard Security Life Ins Co Of NY	NY		1,142	0.09%	98.34%	1,123	0	300	300	26.71%
707	97179	American Medical Security Life Ins C	WI		1,016	0.08%	98.42%	1,016	0	285	253	24.90%
	74900	Brokers Natl Life Assur Co	AR		961	0.07%	98.49%	944	0	609	609	64.51%
1211	66583	National Guardian Life Ins Co	WI		811	0.06%	98.55%	815	0	568	568	69.69%
4011	70025	Genworth Life Ins Co	DE		729	0.05%	98.61%	727	0	3,065	1,644	226.13%
468	66281	Monumental Life Ins Co	IA		728	0.05%	98.66%	731	0	301	312	42.68%
468	65021	Stonebridge Life Ins Co	VT		704	0.05%	98.72%	709	0	193	211	29.76%
781	69744	Union Labor Life Ins Co	MD		685	0.05%	98.77%	713	0	13	20	2.81%
826	66915	New York Life Ins Co	NY		678	0.05%	98.82%	686	54	513	750	109.33%
306	62626	Cuna Mut Ins Society	IA		669	0.05%	98.87%	668	0	806	824	123.35%
707	60321	Mamsi Life & Hlth Ins Co	MD		635	0.05%	98.92%	635	246	38.74%		
12	70106	United States Life Ins Co In NYC	NY		626	0.05%	98.97%	594	0	941	817	137.54%
408	71773	American Natl Life Ins Co Of TX	TX		612	0.05%	99.01%	610	0	542	545	89.34%
1	72052	Aetna Hlth Ins Co	PA		589	0.04%	99.06%	589	210	35.65%		
525	67539	Pan Amer Life Ins Co	LA		588	0.04%	99.10%	583	0	549	567	97.26%
619	60895	American United Life Ins Co	IN		584	0.04%	99.14%	591	0	59	63	10.66%
290	92916	United Amer Ins Co	NE		569	0.04%	99.19%	586	0	346	362	61.77%
8	60534	American Heritage Life Ins Co	FL		557	0.04%	99.23%	571	0	288	366	64.10%
661	77828	Companion Life Ins Co	SC		551	0.04%	99.27%	551	0	362	386	70.05%
370	71730	Continental Amer Ins Co	SC		535	0.04%	99.31%	778	0	211	425	54.63%
549	80926	Sun Life & Hlth Ins Co	CT		453	0.03%	99.35%	451	0	253	231	51.22%
261	71412	Mutual Of Omaha Ins Co	NE		451	0.03%	99.38%	887	0	200	-188	-21.20%
	81418	American Medical & Life Ins Co	NY		422	0.03%	99.41%	405	0	298	197	48.64%
98	40045	Starnet Ins Co	DE		420	0.03%	99.44%	421	408	96.91%		
796	39217	QBE Ins Corp	PA		398	0.03%	99.47%	391	-39	-9.97%		
158	21113	United States Fire Ins Co	DE		393	0.03%	99.50%	393	180	45.80%		
769	76694	London Life Reins Co	PA		391	0.03%	99.53%	363	0	150	190	52.34%
276	61425	Trustmark Ins Co	IL		388	0.03%	99.56%	388	0	487	639	164.69%
253	64327	Harleysville Life Ins Co	PA		369	0.03%	99.59%	384	0	149	147	38.28%

Market Share by Line of Business - Health

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Include Zero Companies: No Business Type: Health Line of Business: Group Comprehensive

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio			
707	62286	Golden Rule Ins Co	IN	330	0.02%	99.61%	335	0	344	353	105.37%	
264	66087	Mid West Natl Life Ins Co Of TN	TX	320	0.02%	99.64%	329	0	457	493	149.85%	
1129	68608	Symetra Life Ins Co	WA	280	0.02%	99.66%	277	0	20	20	7.22%	
91	88072	Hartford Life Ins Co	CT	273	0.02%	99.68%	274	0	690	741	270.44%	
330	60410	American Fidelity Assur Co	OK	267	0.02%	99.70%	250	0	74	18	7.20%	
769	68322	Great W Life & Ann Ins Co	CO	257	0.02%	99.72%	233	0	200	207	88.84%	
	27928	Amex Assur Co	IL	242	0.02%	99.74%	245	12	4.90%			
23	38245	BCS Ins Co	OH	214	0.02%	99.75%	216	97	44.91%			
4381	35408	Delos Ins Co	DE	211	0.02%	99.77%	211	150	71.09%			
869	66168	Minnesota Life Ins Co	MN	210	0.02%	99.79%	163	0	13	0	0%	
626	62146	Combined Ins Co Of Amer	IL	189	0.01%	99.80%	187	0	105	114	60.96%	
565	62049	Colonial Life & Accident Ins Co	SC	183	0.01%	99.81%	186	0	102	47	25.27%	
3527	70629	World Ins Co	NE	180	0.01%	99.83%	177	0	284	329	185.88%	
1295	80799	Celtic Ins Co	IL	176	0.01%	99.84%	181	0	56	59	32.60%	
687	64211	Guarantee Trust Life Ins Co	IL	168	0.01%	99.85%	161	0	90	92	57.14%	
212	16535	Zurich Amer Ins Co	NY	168	0.01%	99.87%	183	552	301.64%			
707	91529	Unimerica Ins Co	WI	160	0.01%	99.88%	158	0	6	6	3.80%	
771	11681	Keystone Ins Co	PA	153	0.01%	99.89%	157	58	36.94%			
869	93742	Securian Life Ins Co	MN	152	0.01%	99.90%	154	0	119	120	77.92%	
313	33898	Aegis Security Ins Co	PA	139	0.01%	99.91%	139	190	136.69%			
	61492	Liberty Life Ins Co	SC	135	0.01%	99.92%	133	0	0	0	0%	
41	69914	Sears Life Ins Co	TX	121	0.01%	99.93%	103	0	1	1	0.97%	
4483	70939	Gerber Life Ins Co	NY	120	0.01%	99.94%	121	0	5	5	4.13%	
12	68373	American Gen Assur Co	IL	112	0.01%	99.95%	97	0	43	12	12.37%	
233	70319	Washington Natl Ins Co	IN	104	0.01%	99.96%	104	0	93	71	68.27%	
984	92711	HCC Life Ins Co	IN	103	0.01%	99.96%	102	0	0	30	29.41%	
8	60186	Allstate Life Ins Co	IL	98	0.01%	99.97%	99	0	141	175	176.77%	
565	67598	Paul Revere Life Ins Co	MA	98	0.01%	99.98%	98	0	130	56	57.14%	
581	61476	Boston Mut Life Ins Co	MA	90	0.01%	99.99%	91	0	23	23	25.27%	
	71854	AAA Life Ins Co	MI	88	0.01%	99.99%	87	0	0	1	1.15%	
	68772	Security Mut Life Ins Co Of NY	NY	84	0.01%	100.00%	83	0	65	66	79.52%	
352	93777	Household Life Ins Co	MI	72	0.01%	100.00%	72	0	53	54	75%	
4670	38318	Starr Ind & Liab Co	TX	66	0.00%	100.01%	58	19	32.76%			
1281	68160	Balboa Life Ins Co	CA	64	0.00%	100.01%	64	0	0	0	0%	
350	62596	Union Fidelity Life Ins Co	IL	64	0.00%	100.02%	63	0	66	64	101.59%	

Market Share by Line of Business - Health

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Include Zero Companies: No Business Type: Health Line of Business: Group Comprehensive

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio			
917	84786	Colorado Bankers Life Ins Co	CO		57	0.00%	100.02%	57	0	15	15	26.32%
671	61069	Anthem Life Ins Co	IN		56	0.00%	100.03%	54	0	1	1	1.85%
588	65129	Kansas City Life Ins Co	MO		54	0.00%	100.03%	54	0	37	38	70.37%
860	67091	Northwestern Mut Life Ins Co	WI		53	0.00%	100.04%	53	0	129	570	1075.47%
233	61263	Bankers Life & Cas Co	IL		41	0.00%	100.04%	41	0	56	55	134.15%
565	68195	Provident Life & Accident Ins Co	TN		40	0.00%	100.04%	41	0	177	64	156.10%
1137	90328	First Hlth Life & Hlth Ins Co	TX		37	0.00%	100.04%	37	0	22	21	56.76%
12	19380	American Home Assur Co	NY		37	0.00%	100.05%	37	297	802.70%		
19	60275	American Bankers Life Assur Co Of FL	FL		30	0.00%	100.05%	34	0	0	13	38.24%
	88668	Mutual Of Amer Life Ins Co	NY		29	0.00%	100.05%	29	0	35	35	120.69%
450	65781	Madison Natl Life Ins Co Inc	WI		28	0.00%	100.05%	28	0	20	19	67.86%
839	62324	Freedom Life Ins Co Of Amer	TX		24	0.00%	100.06%	24	0	3	3	12.50%
769	80705	US Br Great West Life Assur Co	MI		24	0.00%	100.06%	24	0	0	0	0%
4	65005	RiverSource Life Ins Co	MN		23	0.00%	100.06%	23	0	0	0	0%
904	93610	John Hancock Life & Hlth Ins Co	MA		22	0.00%	100.06%	25	0	0	0	0%
84	71404	Continental Gen Ins Co	OH		20	0.00%	100.06%	21	0	1	1	4.76%
229	61360	Reliastar Life Ins Co Of NY	NY		20	0.00%	100.06%	20	0	0	0	0%
468	70688	Transamerica Financial Life Ins Co	NY		20	0.00%	100.07%	20	0	18	17	85%
3527	60836	American Republic Ins Co	IA		18	0.00%	100.07%	18	0	15	15	83.33%
367	80578	Physicians Mut Ins Co	NE		18	0.00%	100.07%	17	0	5	5	29.41%
23	80985	BCS Life Ins Co	IL		17	0.00%	100.07%	39	0	9	10	25.64%
984	29599	US Specialty Ins Co	TX		17	0.00%	100.07%	19	25	131.58%		
4381	82538	National Hlth Ins Co	TX		16	0.00%	100.07%	16	0	23	14	87.50%
290	91472	Globe Life & Accident Ins Co	NE		15	0.00%	100.07%	15	0	10	10	66.67%
290	60577	American Income Life Ins Co	IN		13	0.00%	100.07%	12	0	10	11	91.67%
690	61751	Central States H & L Co Of Omaha	NE		11	0.00%	100.07%	11	0	2	2	18.18%
901	67369	Cigna Hlth & Life Ins Co	CT		11	0.00%	100.08%	11	0	0	0	0%
	81434	First Rehab Life Ins Co Of Amer	NY		11	0.00%	100.08%	11	0	7	7	63.64%
	76325	Senior Hlth Ins Co of PA	PA		11	0.00%	100.08%	12	0	0	-3	-25%
181	70211	Reassure Amer Life Ins Co	IN		9	0.00%	100.08%	8	0	0	0	0%
449	90212	Great Southern Life Ins Co	TX		8	0.00%	100.08%	8	0	0	0	0%
408	86355	Standard Life & Accident Ins Co	TX		8	0.00%	100.08%	8	0	0	2	25%
119	65110	Kanawha Ins Co	SC		6	0.00%	100.08%	7	0	3	3	42.86%
41	61409	National Benefit Life Ins Co	NY		6	0.00%	100.08%	6	0	0	0	0%
953	80624	American Progressive L&H Ins Of NY	NY		5	0.00%	100.08%	5	0	0	0	0%

Market Share by Line of Business - Health

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Include Zero Companies: No Business Type: Health Line of Business: Group Comprehensive

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio			
119	70580	Humanadental Ins Co	WI		5	0.00%	100.08%	5	0	3	3	60%
212	20796	21st Century Premier Ins Co	PA		5	0.00%	100.08%	5	2	40%		
19	10111	American Bankers Ins Co Of FL	FL		5	0.00%	100.08%	5	0	0%		
370	60380	American Family Life Assur Co of Col	NE		4	0.00%	100.08%	5	0	2	2	40%
12	66672	American Gen Life & Acc Ins Co	TN		4	0.00%	100.08%	3	0	0	0	0%
41	60518	American Hlth & Life Ins Co	TX		4	0.00%	100.08%	4	0	0	-2	-50%
4723	61212	Baltimore Life Ins Co	MD		4	0.00%	100.08%	4	0	0	0	0%
4712	63967	Government Personnel Mut Life Ins Co	TX		4	0.00%	100.08%	4	0	34	3	75%
169	24988	Sentry Ins A Mut Co	WI		4	0.00%	100.08%	2	0	0%		
98	64890	Berkley Life & Hlth Ins Co	IA		3	0.00%	100.08%	1	0	0	0	0%
1186	69515	Medamerica Ins Co	PA		3	0.00%	100.08%	3	0	0	0	0%
968	66370	Mony Life Ins Co	NY		3	0.00%	100.08%	3	0	0	0	0%
200	69663	USAA Life Ins Co	TX		3	0.00%	100.08%	3	0	0	0	0%
84	61727	Central Reserve Life Ins Co	OH		2	0.00%	100.08%	2	0	0	0	0%
119	73288	Humana Ins Co	WI		2	0.00%	100.08%	2	0	0	0	0%
839	98205	National Found Life Ins Co	TX		2	0.00%	100.08%	2	0	2	2	100%
574	76112	Oxford Life Ins Co	AZ		2	0.00%	100.08%	2	0	1	1	50%
169	68810	Sentry Life Ins Co	WI		2	0.00%	100.09%	2	0	0	0	0%
140	11991	National Cas Co	WI		2	0.00%	100.09%	2	0	0%		
785	38970	Markel Ins Co	IL		2	0.00%	100.09%	2	1	50%		
761	90611	Allianz Life Ins Co Of N Amer	MN		1	0.00%	100.09%	1	0	0	0	0%
12	60488	American Gen Life Ins Co	TX		1	0.00%	100.09%	1	0	0	0	0%
264	61832	Chesapeake Life Ins Co	OK		1	0.00%	100.09%	1	0	0	0	0%
	61921	Citizens Security Life Ins Co	KY		1	0.00%	100.09%	1	0	0	0	0%
	63290	Fidelity Life Assn A Legal Reserve L	IL		1	0.00%	100.09%	1	0	0	0	0%
300	64513	Horace Mann Life Ins Co	IL		1	0.00%	100.09%	1	0	0	0	0%
984	85561	Perico Life Ins Co	DE		1	0.00%	100.09%	1	0	0	0	0%
468	10952	Stonebridge Cas Ins Co	OH		1	0.00%	100.09%	1	5	500%		
31	22063	Government Employees Ins Co	MD		1	0.00%	100.09%	1	0	0%		
140	23787	Nationwide Mut Ins Co	OH		1	0.00%	100.09%	1	0	0%		
	52039	Christiana Care Hlth Plans Inc	DE		0	0.00%	100.09%	0	-9	0%		
233	62065	Colonial Penn Life Ins Co	PA		0	0.00%	100.09%	1	0	0	0	0%
218	62413	Continental Assur Co	IL		0	0.00%	100.09%	0	0	0	-1	0%
20	62057	Lincoln Life & Ann Co of NY	NY		0	0.00%	100.09%	0	0	1	2	0%
84	65722	Loyal Amer Life Ins Co	OH		0	0.00%	100.09%	0	0	4	0	0%

Market Share by Line of Business - Health

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Include Zero Companies: No Business Type: Health Line of Business: Group Comprehensive

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio			
241	87726	Metlife Ins Co of CT	CT		0	0.00%	100.09%	0	0	8	8	0%
	81264	Nippon Life Ins Co Of Amer	IA		0	0.00%	100.09%	0	0	0	-12	0%
458	68136	Protective Life Ins Co	TN		0	0.00%	100.09%	6	0	0	0	0%
565	68209	Provident Life & Cas Ins Co	TN		0	0.00%	100.09%	0	0	35	4	0%
1216	69345	Teachers Ins & Ann Assoc Of Amer	NY		0	0.00%	100.09%	0	0	874	874	0%
276	62863	Trustmark Life Ins Co	IL		0	0.00%	100.09%	0	0	242	237	0%
943	80837	Union Central Life Ins Co	NE		0	0.00%	100.09%	0	0	14	9	0%
108	22977	Lumbermens Mut Cas Co	IL		0	0.00%	100.09%	0	-63	0%		
150	12262	Pennsylvania Manufacturers Assoc Ins	PA		0	0.00%	100.09%	0	6	0%		
169	21180	Sentry Select Ins Co	WI		0	0.00%	100.09%	0	-8	0%		
3548	25682	Travelers Ind Co Of CT	CT		0	0.00%	100.09%	0	-13	0%		
12	19429	Insurance Co Of The State Of PA	PA		-554	-0.04%	100.04%	-637	16	-2.51%		
218	20443	Continental Cas Co	IL		-587	-0.04%	100.00%	-209	-78	37.32%		
					1,325,703	100.00%	100%					
		Market share of top 4				81.4%						
		BCBSD share				26.2%						
		HM Life share				0.3%						

Market Share by Line of Business - Health

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Include Zero Companies: No Business Type: Health Line of Business: Dental Only

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio
2479	11132	Delta Dental of DE Inc	DE	15,596	73.54%	73.54%	15,616	16,362	104.78%
	53287	BCBSD Inc	DE	2,766	13.04%	87%	2,766	1,745	63.09%
812	62294	United Concordia Life & Hlth Ins Co	PA	1,457	6.87%	93%	1,457	1,149	78.86%
2479	81396	Delta Dental Ins Co	DE	882	4.16%	98%	869	517	59.49%
477	61700	Renaissance Life & Hlth Ins Co of Am	IN	281	1.33%	99%	281	260	92.53%
901	95380	Cigna Dental Hlth of DE Inc	DE	93	0.44%	99%	93	150	161.29%
707	60321	Mamsi Life & Hlth Ins Co	MD	73	0.34%	100%	73	50	68.49%
1137	95846	Group Dental Serv Of MD Inc	MD	59	0.28%	100%	0	27	0%
		8 Companies in Report		21,207	100%	100%	21,155	20,260	95.77%
		Market share of top 4			97.6%				
		BCBSD share			13.0%				
		United Concordia share			6.9%				

Market Share A & H

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Business Type: Property, Life & Health Include Zero

Companies: No Include Other Business Type: Yes

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Dividends Paid
	12	19445 National Union Fire Ins Co Of Pitts	PA	570,214	33.55%	33.55%	565,654	233,684	41.31%	0
		53287 BCBSD Inc	DE	498,775	29.35%	62.91%	498,775	421,491	84.51%	0
1137	96460	Coventry Hlth Care of DE Inc	DE	99,091	5.83%	68.74%	99,091	78,232	78.95%	0
707	79413	UnitedHealthcare Ins Co	CT	98,007	5.77%	74.50%	97,602	76,658	78.54%	0
1	60054	Aetna Life Ins Co	CT	49,987	2.94%	77.45%	49,742	42,632	85.71%	0
241	65978	Metropolitan Life Ins Co	NY	39,357	2.32%	79.76%	39,309	39,390	100.21%	0
91	70815	Hartford Life & Accident Ins Co	CT	24,287	1.43%	81.19%	24,176	11,355	46.97%	0
2479	11132	Delta Dental of DE Inc	DE	15,596	0.92%	82.11%	15,616	16,362	104.78%	0
370	60380	American Family Life Assur Co of Col	NE	12,213	0.72%	82.83%	12,276	4,747	38.67%	0
361	77399	Sterling Life Ins Co	IL	11,854	0.70%	83.52%	11,648	9,236	79.29%	0
901	65498	Life Ins Co Of N Amer	PA	11,617	0.68%	84.21%	11,617	3,378	29.08%	0
1137	90328	First Hlth Life & Hlth Ins Co	TX	10,872	0.64%	84.85%	10,795	9,982	92.47%	0
119	73288	Humana Ins Co	WI	10,435	0.61%	85.46%	9,770	6,734	68.93%	0
901	62308	Connecticut Gen Life Ins Co	CT	10,262	0.60%	86.07%	10,237	48,431	473.10%	0
91	19682	Hartford Fire In Co	CT	10,200	0.60%	86.67%	10,200	0	0%	0
565	62235	Unum Life Ins Co Of Amer	ME	10,061	0.59%	87.26%	10,186	6,333	62.17%	0
707	62286	Golden Rule Ins Co	IN	9,391	0.55%	87.81%	9,239	5,716	61.87%	0
936	95044	Amerihealth Hmo Inc	PA	9,059	0.53%	88.34%	9,042	5,423	59.98%	0
304	68241	Prudential Ins Co Of Amer	NJ	8,593	0.51%	88.85%	8,555	3,918	45.80%	17
233	61263	Bankers Life & Cas Co	IL	7,464	0.44%	89.29%	7,770	5,248	67.54%	0
19	70408	Union Security Ins Co	KS	7,200	0.42%	89.71%	7,149	1,793	25.08%	0
332	61271	Principal Life Ins Co	IA	6,513	0.38%	90.10%	6,483	3,887	59.96%	0
1137	81973	Coventry Hlth & Life Ins Co	DE	6,488	0.38%	90.48%	6,488	5,964	91.92%	0
176	25178	State Farm Mut Auto Ins Co	IL	6,452	0.38%	90.86%	6,076	5,007	82.41%	0
4011	70025	Genworth Life Ins Co	DE	6,279	0.37%	91.23%	6,199	3,115	50.25%	0
707	96940	Optimum Choice Inc	MD	6,155	0.36%	91.59%	6,172	4,001	64.83%	0
38	20281	Federal Ins Co	IN	5,788	0.34%	91.93%	5,554	4,449	80.10%	0
429	64246	Guardian Life Ins Co Of Amer	NY	5,219	0.31%	92.24%	5,195	3,794	73.03%	9
904	65838	John Hancock Life Ins Co (USA)	MI	4,898	0.29%	92.52%	4,901	3,556	72.56%	0
936	93688	QCC Ins Co	PA	4,817	0.28%	92.81%	4,821	3,377	70.05%	0
953	67660	Pennsylvania Life Ins Co	PA	4,642	0.27%	93.08%	4,638	3,737	80.57%	0
74	68381	Reliance Standard Life Ins Co	IL	4,425	0.26%	93.34%	4,371	2,289	52.37%	0

Market Share A & H

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Business Type: Property, Life & Health Include Zero

Companies: No Include Other Business Type: Yes

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Dividends Paid
812	93440	HM Life Ins Co	PA	4,307	0.25%	93.60%	4,358	1,414	32.45%	0
1189	39616	Vision Serv Plan Ins Co	CT	3,970	0.23%	93.83%	3,970	3,075	77.46%	0
140	66869	Nationwide Life Ins Co	OH	3,902	0.23%	94.06%	3,759	2,264	60.23%	0
626	22667	Ace Amer Ins Co	PA	3,743	0.22%	94.28%	3,719	3,918	105.35%	0
687	64211	Guarantee Trust Life Ins Co	IL	3,713	0.22%	94.50%	3,725	2,653	71.22%	0
290	92916	United Amer Ins Co	NE	3,358	0.20%	94.69%	3,397	2,340	68.88%	0
264	97055	Mega Life & Hlth Ins Co The	OK	3,251	0.19%	94.89%	3,287	1,920	58.41%	0
433	63762	Medco Containment Life Ins Co	PA	3,149	0.19%	95.07%	3,149	3,127	99.30%	0
1129	20621	OneBeacon Amer Ins Co	MA	2,761	0.16%	95.23%	2,939	1,343	45.70%	0
671	80314	Unicare Life & Hlth Ins Co	IN	2,676	0.16%	95.39%	2,552	2,281	89.38%	0
492	68721	Security Life Ins Co Of Amer	MN	2,588	0.15%	95.54%	2,588	1,739	67.19%	0
12	66842	American Gen Life Ins Co of DE	DE	2,361	0.14%	95.68%	2,223	4,097	184.30%	0
19	69477	Time Ins Co	WI	2,347	0.14%	95.82%	2,381	765	32.13%	0
565	68195	Provident Life & Accident Ins Co	TN	2,271	0.13%	95.95%	2,330	819	35.15%	0
1348	69019	Standard Ins Co	OR	2,208	0.13%	96.08%	3,049	562	18.43%	0
468	86231	Transamerica Life Ins Co	IA	2,054	0.12%	96.21%	2,094	1,460	69.72%	0
306	62626	Cuna Mut Ins Society	IA	2,043	0.12%	96.33%	2,299	1,495	65.03%	0
943	61301	Ameritas Life Ins Corp	NE	1,984	0.12%	96.44%	1,968	1,401	71.19%	0
111	65315	Liberty Life Assur Co Of Boston	NH	1,742	0.10%	96.54%	1,716	1,104	64.34%	0
4	65005	RiverSource Life Ins Co	MN	1,665	0.10%	96.64%	1,664	292	17.55%	0
233	70319	Washington Natl Ins Co	IN	1,639	0.10%	96.74%	1,651	1,082	65.54%	0
451	71870	Fidelity Security Life Ins Co	MO	1,537	0.09%	96.83%	1,537	808	52.57%	0
626	62146	Combined Ins Co Of Amer	IL	1,504	0.09%	96.92%	1,523	470	30.86%	0
812	62294	United Concordia Life & Hlth Ins Co	PA	1,457	0.09%	97.00%	1,457	1,149	78.86%	0
20	65676	Lincoln Natl Life Ins Co	IN	1,442	0.08%	97.09%	1,457	1,065	73.10%	0
229	67105	Reliastar Life Ins Co	MN	1,419	0.08%	97.17%	1,427	55	3.85%	0
408	86355	Standard Life & Accident Ins Co	TX	1,416	0.08%	97.26%	1,360	968	71.18%	0
565	62049	Colonial Life & Accident Ins Co	SC	1,410	0.08%	97.34%	1,411	516	36.57%	0
917	71129	Fort Dearborn Life Ins Co	IL	1,398	0.08%	97.42%	1,398	782	55.94%	0
19	65080	John Alden Life Ins Co	WI	1,371	0.08%	97.50%	1,407	767	54.51%	0
435	65935	Massachusetts Mut Life Ins Co	MA	1,278	0.08%	97.58%	1,297	97	7.48%	38
261	69868	United Of Omaha Life Ins Co	NE	1,244	0.07%	97.65%	1,265	1,025	81.03%	0

Market Share A & H

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Business Type: Property, Life & Health Include Zero
 Companies: No Include Other Business Type: Yes

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Dividends Paid
450	69078	Standard Security Life Ins Co Of NY	NY	1,142	0.07%	97.72%	1,123	305	27.16%	0
826	66915	New York Life Ins Co	NY	1,129	0.07%	97.78%	1,123	1,083	96.44%	54
8	60534	American Heritage Life Ins Co	FL	1,099	0.06%	97.85%	1,107	676	61.07%	0
860	67091	Northwestern Mut Life Ins Co	WI	1,071	0.06%	97.91%	1,069	-3,559	-332.93%	251
707	97179	American Medical Security Life Ins C	WI	1,016	0.06%	97.97%	1,016	253	24.90%	0
468	66281	Monumental Life Ins Co	IA	985	0.06%	98.03%	992	624	62.90%	0
565	67598	Paul Revere Life Ins Co	MA	981	0.06%	98.09%	1,059	1,543	145.70%	0
	74900	Brokers Natl Life Assur Co	AR	979	0.06%	98.14%	962	615	63.93%	0
261	71412	Mutual Of Omaha Ins Co	NE	908	0.05%	98.20%	1,354	180	13.29%	0
2479	81396	Delta Dental Ins Co	DE	882	0.05%	98.25%	869	517	59.49%	0
429	71714	Berkshire Life Ins Co of Amer	MA	882	0.05%	98.30%	879	177	20.14%	0
200	69663	USAA Life Ins Co	TX	861	0.05%	98.35%	859	718	83.59%	0
1211	66583	National Guardian Life Ins Co	WI	831	0.05%	98.40%	835	590	70.66%	0
4667	63444	Accendo Ins Co	UT	787	0.05%	98.45%	802	618	77.06%	0
869	66168	Minnesota Life Ins Co	MN	760	0.04%	98.49%	644	234	36.34%	0
468	65021	Stonebridge Life Ins Co	VT	759	0.04%	98.54%	766	227	29.63%	0
707	60321	Mamsi Life & Hlth Ins Co	MD	710	0.04%	98.58%	710	296	41.69%	0
781	69744	Union Labor Life Ins Co	MD	691	0.04%	98.62%	719	47	6.54%	0
623	66141	Health Net Life Ins Co	CA	667	0.04%	98.66%	667	604	90.55%	0
12	70106	United States Life Ins Co In NYC	NY	642	0.04%	98.70%	610	817	133.93%	0
408	71773	American Natl Life Ins Co Of TX	TX	624	0.04%	98.73%	622	563	90.51%	0
525	67539	Pan Amer Life Ins Co	LA	620	0.04%	98.77%	615	580	94.31%	0
1	72052	Aetna Hlth Ins Co	PA	589	0.03%	98.80%	589	210	35.65%	0
241	87726	Metlife Ins Co of CT	CT	589	0.03%	98.84%	602	1,194	198.34%	0
261	72850	United World Life Ins Co	NE	579	0.03%	98.87%	560	400	71.43%	0
619	60895	American United Life Ins Co	IN	574	0.03%	98.91%	592	63	10.64%	0
661	77828	Companion Life Ins Co	SC	551	0.03%	98.94%	551	386	70.05%	0
370	71730	Continental Amer Ins Co	SC	535	0.03%	98.97%	778	429	55.14%	0
276	61425	Trustmark Ins Co	IL	482	0.03%	99.00%	483	664	137.47%	0
761	90611	Allianz Life Ins Co Of N Amer	MN	472	0.03%	99.03%	468	44	9.40%	0
549	80926	Sun Life & Hlth Ins Co	CT	453	0.03%	99.05%	451	231	51.22%	0
587	61239	Bankers Fidelity Life Ins Co	GA	430	0.03%	99.08%	485	352	72.58%	0

Market Share A & H

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Business Type: Property, Life & Health Include Zero
 Companies: No Include Other Business Type: Yes

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Dividends Paid
	81418	American Medical & Life Ins Co	NY	422	0.02%	99.10%	405	197	48.64%	0
98	40045	Starnet Ins Co	DE	420	0.02%	99.13%	421	408	96.91%	0
943	80837	Union Central Life Ins Co	NE	418	0.02%	99.15%	423	293	69.27%	0
1260	97292	Magellan Life Ins Co	DE	411	0.02%	99.18%	411	-387	-94.16%	0
367	80578	Physicians Mut Ins Co	NE	402	0.02%	99.20%	408	172	42.16%	0
796	39217	QBE Ins Corp	PA	398	0.02%	99.22%	391	-39	-9.97%	0
158	21113	United States Fire Ins Co	DE	396	0.02%	99.25%	396	169	42.68%	0
17	97691	Life Of The South Ins Co	GA	394	0.02%	99.27%	361	60	16.62%	0
769	76694	London Life Reins Co	PA	391	0.02%	99.29%	363	190	52.34%	0
	71439	Assurity Life Ins Co	NE	380	0.02%	99.32%	397	261	65.74%	0
839	62324	Freedom Life Ins Co Of Amer	TX	372	0.02%	99.34%	370	90	24.32%	0
253	64327	Harleysville Life Ins Co	PA	370	0.02%	99.36%	385	147	38.18%	0
	76325	Senior Hlth Ins Co of PA	PA	361	0.02%	99.38%	412	1,410	342.23%	0
264	66087	Mid West Natl Life Ins Co Of TN	TX	320	0.02%	99.40%	329	494	150.15%	0
12	66672	American Gen Life & Acc Ins Co	TN	318	0.02%	99.42%	318	129	40.57%	0
330	60410	American Fidelity Assur Co	OK	307	0.02%	99.44%	289	40	13.84%	0
953	69701	Union Bankers Ins Co	TX	287	0.02%	99.45%	287	208	72.47%	0
477	61700	Renaissance Life & Hlth Ins Co of Am	IN	281	0.02%	99.47%	281	260	92.53%	0
1129	68608	Symetra Life Ins Co	WA	280	0.02%	99.49%	277	20	7.22%	0
91	88072	Hartford Life Ins Co	CT	277	0.02%	99.50%	274	741	270.44%	0
769	68322	Great W Life & Ann Ins Co	CO	257	0.02%	99.52%	233	207	88.84%	0
233	62065	Colonial Penn Life Ins Co	PA	250	0.01%	99.53%	179	121	67.60%	0
	27928	Amex Assur Co	IL	242	0.01%	99.55%	245	12	4.90%	0
4483	70939	Gerber Life Ins Co	NY	235	0.01%	99.56%	228	54	23.68%	0
4011	65536	Genworth Life & Ann Ins Co	VA	234	0.01%	99.57%	246	141	57.32%	0
23	38245	BCS Ins Co	OH	214	0.01%	99.59%	216	97	44.91%	0
1295	80799	Celtic Ins Co	IL	213	0.01%	99.60%	205	104	50.73%	0
4381	35408	Delos Ins Co	DE	211	0.01%	99.61%	211	150	71.09%	0
3527	70629	World Ins Co	NE	193	0.01%	99.62%	191	338	176.96%	0
860	69000	Northwestern Long Term Care Ins Co	WI	187	0.01%	99.63%	180	0	0%	5
4716	65951	Merit Life Ins Co	IN	183	0.01%	99.64%	176	66	37.50%	0
8	65595	Lincoln Benefit Life Co	NE	182	0.01%	99.66%	183	0	0%	0

Market Share A & H

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Business Type: Property, Life & Health Include Zero

Companies: No Include Other Business Type: Yes

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Dividends Paid
290	91472	Globe Life & Accident Ins Co	NE	182	0.01%	99.67%	183	138	75.41%	0
	77968	Family Heritage Life Ins Co Of Amer	OH	171	0.01%	99.68%	170	43	25.29%	0
212	16535	Zurich Amer Ins Co	NY	168	0.01%	99.69%	183	552	301.64%	0
968	62944	AXA Equitable Life Ins Co	NY	161	0.01%	99.70%	162	366	225.93%	0
352	93777	Household Life Ins Co	MI	160	0.01%	99.71%	185	125	67.57%	0
	71854	AAA Life Ins Co	MI	160	0.01%	99.71%	158	24	15.19%	0
290	60577	American Income Life Ins Co	IN	160	0.01%	99.72%	159	42	26.42%	0
707	91529	Unimerica Ins Co	WI	160	0.01%	99.73%	158	6	3.80%	0
771	11681	Keystone Ins Co	PA	153	0.01%	99.74%	157	58	36.94%	0
869	93742	Securian Life Ins Co	MN	152	0.01%	99.75%	154	120	77.92%	0
41	60518	American Hlth & Life Ins Co	TX	146	0.01%	99.76%	297	190	63.97%	0
	61492	Liberty Life Ins Co	SC	142	0.01%	99.77%	140	21	15%	0
313	33898	Aegis Security Ins Co	PA	139	0.01%	99.78%	139	190	136.69%	0
218	20443	Continental Cas Co	IL	127	0.01%	99.78%	-730	100	-13.70%	0
581	61476	Boston Mut Life Ins Co	MA	121	0.01%	99.79%	121	23	19.01%	0
41	69914	Sears Life Ins Co	TX	121	0.01%	99.80%	103	1	0.97%	0
12	60488	American Gen Life Ins Co	TX	120	0.01%	99.81%	119	71	59.66%	0
12	68373	American Gen Assur Co	IL	117	0.01%	99.81%	146	9	6.16%	0
690	61751	Central States H & L Co Of Omaha	NE	109	0.01%	99.82%	114	25	21.93%	0
3477	12784	Bravo Hlth Ins Co Inc	DE	108	0.01%	99.82%	108	90	83.33%	0
19	10111	American Bankers Ins Co Of FL	FL	104	0.01%	99.83%	104	20	19.23%	0
241	91626	New England Life Ins Co	MA	104	0.01%	99.84%	109	-142	-130.28%	0
984	92711	HCC Life Ins Co	IN	103	0.01%	99.84%	102	30	29.41%	0
8	60186	Allstate Life Ins Co	IL	99	0.01%	99.85%	99	175	176.77%	0
901	95380	Cigna Dental Hlth of DE Inc	DE	93	0.01%	99.85%	93	150	161.29%	0
181	70211	Reassure Amer Life Ins Co	IN	92	0.01%	99.86%	95	98	103.16%	0
	68772	Security Mut Life Ins Co Of NY	NY	90	0.01%	99.87%	89	66	74.16%	0
968	66370	Mony Life Ins Co	NY	87	0.01%	99.87%	91	159	174.73%	36
19	60275	American Bankers Life Assur Co Of FL	FL	86	0.01%	99.88%	92	21	22.83%	0
7	63258	Federated Life Ins Co	MN	86	0.01%	99.88%	87	221	254.02%	0
904	93610	John Hancock Life & Hlth Ins Co	MA	84	0.00%	99.89%	87	232	266.67%	0
634	66680	National Life Ins Co	VT	83	0.00%	99.89%	94	1	1.06%	0

Market Share A & H

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Business Type: Property, Life & Health Include Zero

Companies: No Include Other Business Type: Yes

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Dividends Paid
4011	72990	Genworth Life Ins Co of NY	NY	82	0.00%	99.89%	82	56	68.29%	0
953	80624	American Progressive L&H Ins Of NY	NY	81	0.00%	99.90%	80	69	86.25%	0
84	63479	United Teacher Assoc Ins Co	TX	79	0.00%	99.90%	79	63	79.75%	0
850	67644	Penn Mut Life Ins Co	PA	78	0.00%	99.91%	80	30	37.50%	0
3527	60836	American Republic Ins Co	IA	77	0.00%	99.91%	80	235	293.75%	0
215	69930	United Ins Co Of Amer	IL	77	0.00%	99.92%	78	22	28.21%	0
408	63126	Farm Family Life Ins Co	NY	74	0.00%	99.92%	76	6	7.89%	0
84	71404	Continental Gen Ins Co	OH	73	0.00%	99.93%	75	30	40%	0
1281	68160	Balboa Life Ins Co	CA	70	0.00%	99.93%	70	-6	-8.57%	0
31	34274	Central States Ind Co Of Omaha	NE	69	0.00%	99.93%	69	6	8.70%	0
350	62596	Union Fidelity Life Ins Co	IL	67	0.00%	99.94%	66	67	101.52%	0
4670	38318	Starr Ind & Liab Co	TX	66	0.00%	99.94%	58	19	32.76%	0
408	60739	American Natl Ins Co	TX	64	0.00%	99.95%	85	45	52.94%	0
565	68209	Provident Life & Cas Ins Co	TN	62	0.00%	99.95%	63	4	6.35%	0
917	84786	Colorado Bankers Life Ins Co	CO	60	0.00%	99.95%	60	15	25%	0
1137	95846	Group Dental Serv Of MD Inc	MD	59	0.00%	99.96%	0	27	0%	0
	65927	Lincoln Heritage Life Ins Co	IL	58	0.00%	99.96%	58	48	82.76%	0
671	61069	Anthem Life Ins Co	IN	56	0.00%	99.96%	54	1	1.85%	0
212	80896	Centre Life Ins Co	MA	55	0.00%	99.97%	57	-65	-114.04%	0
588	65129	Kansas City Life Ins Co	MO	54	0.00%	99.97%	54	38	70.37%	0
1216	69345	Teachers Ins & Ann Assoc Of Amer	NY	54	0.00%	99.97%	55	908	1650.91%	0
619	69116	State Life Ins Co	IN	52	0.00%	99.98%	52	0	0%	0
704	67172	Ohio Natl Life Ins Co	OH	51	0.00%	99.98%	51	80	156.86%	9
440	66265	Monarch Life Ins Co	MA	47	0.00%	99.98%	48	115	239.58%	0
	64580	Illinois Mut Life Ins Co	IL	47	0.00%	99.98%	47	18	38.30%	0
1216	60142	TIAA Cref Life Ins Co	NY	40	0.00%	99.99%	41	0	0%	0
12	19380	American Home Assur Co	NY	39	0.00%	99.99%	39	297	761.54%	0
119	65110	Kanawha Ins Co	SC	39	0.00%	99.99%	44	3	6.82%	0
468	70688	Transamerica Financial Life Ins Co	NY	38	0.00%	99.99%	39	27	69.23%	0
19	42978	American Security Ins Co	DE	34	0.00%	100.00%	34	0	0%	0
704	89206	Ohio Natl Life Assur Corp	OH	34	0.00%	100.00%	34	0	0%	0
769	80705	US Br Great West Life Assur Co	MI	30	0.00%	100.00%	31	10	32.26%	0

Market Share A & H

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Business Type: Property, Life & Health Include Zero

Companies: No Include Other Business Type: Yes

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Dividends Paid
	88668	Mutual Of Amer Life Ins Co	NY	29	0.00%	100.00%	29	35	120.69%	0
450	65781	Madison Natl Life Ins Co Inc	WI	28	0.00%	100.00%	28	19	67.86%	0
1186	69515	Medamerica Ins Co	PA	27	0.00%	100.00%	27	0	0%	0
520	67784	Philadelphia Amer Life Ins Co	TX	26	0.00%	100.01%	25	-4	-16%	0
785	38970	Markel Ins Co	IL	24	0.00%	100.01%	22	6	27.27%	0
953	62359	Constitution Life Ins Co	TX	24	0.00%	100.01%	24	7	29.17%	0
229	61360	Reliastar Life Ins Co Of NY	NY	23	0.00%	100.01%	23	0	0%	0
984	29599	US Specialty Ins Co	TX	17	0.00%	100.01%	19	25	131.58%	0
23	80985	BCS Life Ins Co	IL	17	0.00%	100.01%	39	10	25.64%	0
150	24147	Old Republic Ins Co	PA	16	0.00%	100.01%	19	16	84.21%	0
44	61689	Aviva Life & Ann Co	IA	16	0.00%	100.01%	16	20	125%	0
4381	82538	National Hlth Ins Co	TX	16	0.00%	100.02%	16	14	87.50%	0
	11121	Unified Life Ins Co	TX	15	0.00%	100.02%	15	3	20%	0
119	70580	Humanadental Ins Co	WI	15	0.00%	100.02%	15	9	60%	0
233	65900	Conseco Life Ins Co	IN	14	0.00%	100.02%	15	7	46.67%	0
574	76112	Oxford Life Ins Co	AZ	13	0.00%	100.02%	13	9	69.23%	0
1289	35963	AF&L Ins Co	PA	12	0.00%	100.02%	12	47	391.67%	0
953	68284	Pyramid Life Ins Co	KS	12	0.00%	100.02%	12	2	16.67%	0
241	63665	General Amer Life Ins Co	MO	11	0.00%	100.02%	11	0	0%	0
	81434	First Rehab Life Ins Co Of Amer	NY	11	0.00%	100.02%	11	7	63.64%	0
901	67369	Cigna Hlth & Life Ins Co	CT	11	0.00%	100.02%	11	0	0%	0
468	10952	Stonebridge Cas Ins Co	OH	9	0.00%	100.02%	9	6	66.67%	0
	87963	National Teachers Assoc Life Ins Co	TX	8	0.00%	100.02%	8	0	0%	0
458	68136	Protective Life Ins Co	TN	8	0.00%	100.02%	40	-3	-7.50%	0
449	90212	Great Southern Life Ins Co	TX	8	0.00%	100.02%	8	0	0%	0
	62952	Equitable Life & Cas Ins Co	UT	8	0.00%	100.02%	8	16	200%	0
31	97764	Idealife Ins Co	CT	7	0.00%	100.02%	7	8	114.29%	0
84	65722	Loyal Amer Life Ins Co	OH	7	0.00%	100.03%	7	1	14.29%	0
1117	63053	Family Life Ins Co	TX	7	0.00%	100.03%	7	5	71.43%	0
84	63312	Great Amer Life Ins Co	OH	7	0.00%	100.03%	12	0	0%	0
	61921	Citizens Security Life Ins Co	KY	7	0.00%	100.03%	8	5	62.50%	0
41	61409	National Benefit Life Ins Co	NY	6	0.00%	100.03%	6	0	0%	0

Market Share A & H

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Business Type: Property, Life & Health Include Zero

Companies: No Include Other Business Type: Yes

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Dividends Paid
3891	84824	Commonwealth Ann & Life Ins Co	MA	6	0.00%	100.03%	6	21	350%	0
300	64513	Horace Mann Life Ins Co	IL	6	0.00%	100.03%	6	0	0%	0
4723	61212	Baltimore Life Ins Co	MD	6	0.00%	100.03%	6	0	0%	0
140	11991	National Cas Co	WI	6	0.00%	100.03%	-100	1	-1%	0
212	20796	21st Century Premier Ins Co	PA	5	0.00%	100.03%	5	2	40%	0
244	76236	Cincinnati Life Ins Co	OH	5	0.00%	100.03%	5	0	0%	0
169	24988	Sentry Ins A Mut Co	WI	4	0.00%	100.03%	2	0	0%	0
	71471	Ability Ins Co	NE	4	0.00%	100.03%	0	82	0%	0
367	72125	Physicians Life Ins Co	NE	4	0.00%	100.03%	4	0	0%	0
4712	63967	Government Personnel Mut Life Ins Co	TX	4	0.00%	100.03%	4	3	75%	0
41	65919	Primerica Life Ins Co	MA	4	0.00%	100.03%	4	-1	-25%	0
	89184	Sterling Investors Life Ins Co	GA	4	0.00%	100.03%	4	1	25%	0
836	70483	Western & Southern Life Ins Co	OH	4	0.00%	100.03%	4	0	0%	0
535	62103	Columbian Mut Life Ins Co	NY	3	0.00%	100.03%	3	-4	-133.33%	0
98	64890	Berkley Life & Hlth Ins Co	IA	3	0.00%	100.03%	1	0	0%	0
839	98205	National Found Life Ins Co	TX	3	0.00%	100.03%	3	1	33.33%	0
290	65331	Liberty Natl Life Ins Co	NE	3	0.00%	100.03%	3	0	0%	0
471	62383	Centurion Life Ins Co	IA	3	0.00%	100.03%	3	6	200%	0
264	61832	Chesapeake Life Ins Co	OK	3	0.00%	100.03%	2	1	50%	0
4172	69132	State Mut Ins Co	GA	2	0.00%	100.03%	2	0	0%	0
169	68810	Sentry Life Ins Co	WI	2	0.00%	100.03%	2	0	0%	0
	64017	Jefferson Natl Life Ins Co	TX	2	0.00%	100.03%	2	0	0%	0
	63290	Fidelity Life Assn A Legal Reserve L	IL	2	0.00%	100.03%	2	0	0%	0
3891	69140	First Allmerica Fin Life Ins Co	MA	2	0.00%	100.03%	2	0	0%	0
1199	64467	Wellcare Hlth Ins of IL Inc	IL	2	0.00%	100.03%	2	-14	-700%	0
588	67199	Old Amer Ins Co	MO	2	0.00%	100.03%	3	-9	-300%	0
242	12572	Selective Ins Co Of Amer	NJ	1	0.00%	100.03%	1	0	0%	0
84	61727	Central Reserve Life Ins Co	OH	1	0.00%	100.03%	1	2	200%	0
8	70874	Allstate Life Ins Co Of NY	NY	1	0.00%	100.03%	1	0	0%	0
707	70785	Pacificare Life & Hlth Ins Co	IN	1	0.00%	100.03%	1	0	0%	0
	66427	MTL Ins Co	IL	1	0.00%	100.03%	1	0	0%	0
50	62553	Country Life Ins Co	IL	1	0.00%	100.03%	1	0	0%	0

Market Share A & H

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Business Type: Property, Life & Health Include Zero Companies: No Include Other Business Type: Yes

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Dividends Paid
218	62413	Continental Assur Co	IL	1	0.00%	100.03%	1	-1	-100%	0
140	23787	Nationwide Mut Ins Co	OH	1	0.00%	100.03%	1	0	0%	0
31	22063	Government Employees Ins Co	MD	1	0.00%	100.03%	1	0	0%	0
20	62057	Lincoln Life & Ann Co of NY	NY	1	0.00%	100.03%	1	2	200%	0
836	99937	Columbus Life Ins Co	OH	1	0.00%	100.03%	1	21	2100%	0
984	85561	Perico Life Ins Co	DE	1	0.00%	100.03%	1	0	0%	0
836	65242	Lafayette Life Ins Co	IN	1	0.00%	100.03%	1	0	0%	0
560	81426	Commercial Travelers Mut Ins Co	NY	1	0.00%	100.03%	1	0	0%	0
535	76023	Columbian Life Ins Co	IL	1	0.00%	100.03%	1	0	0%	0
361	19720	American Alt Ins Corp	DE	0	0.00%	100.03%	0	0	0%	0
111	23043	Liberty Mut Ins Co	MA	0	0.00%	100.03%	0	0	0%	0
1117	65870	Manhattan Life Ins Co	NY	0	0.00%	100.03%	0	0	0%	0
150	12262	Pennsylvania Manufacturers Assoc Ins	PA	0	0.00%	100.03%	0	6	0%	0
3548	25658	Travelers Ind Co	CT	0	0.00%	100.03%	0	-1	0%	0
	52039	Christiana Care Hlth Plans Inc	DE	0	0.00%	100.03%	0	-9	0%	0
229	86509	Ing Life Ins & Ann Co	CT	0	0.00%	100.03%	0	40	0%	0
572	77720	LifeSecure Ins Co	MI	0	0.00%	100.03%	0	0	0%	0
635	73539	Continental Life Ins Co	PA	0	0.00%	100.03%	0	0	0%	0
229	80942	ING USA Ann & Life Ins Co	IA	0	0.00%	100.03%	0	0	0%	0
312	81779	Individual Assur Co Life Hlth & Acc	MO	0	0.00%	100.03%	0	-2	0%	0
	81264	Nippon Life Ins Co Of Amer	IA	0	0.00%	100.03%	0	-12	0%	0
707	71420	Sierra Hlth & Life Ins Co Inc	CA	0	0.00%	100.03%	0	-22	0%	0
281	89958	JMIC Life Ins Co	FL	0	0.00%	100.03%	3	0	0%	0
	69353	Teachers Protective Mut Life Ins Co	PA	0	0.00%	100.03%	0	0	0%	0
229	68713	Security Life Of Denver Ins Co	CO	0	0.00%	100.03%	0	0	0%	0
431	66974	North Amer Co Life & Hlth Ins	IA	0	0.00%	100.03%	0	0	0%	0
918	65056	Jackson Natl Life Ins Co	MI	0	0.00%	100.03%	0	0	0%	0
158	25534	TIG Ins Co	CA	0	0.00%	100.03%	0	1	0%	0
108	22977	Lumbermens Mut Cas Co	IL	0	0.00%	100.03%	0	-63	0%	0
626	22713	Insurance Co of N Amer	PA	0	0.00%	100.03%	0	0	0%	0
169	21180	Sentry Select Ins Co	WI	0	0.00%	100.03%	0	-8	0%	0
501	10472	Capitol Ind Corp	WI	0	0.00%	100.03%	0	0	0%	0

Market Share A & H

Selected Criteria - Year: 2010 State: DE Codelist Basis: Licensed Round by Thousands: Yes Business Type: Property, Life & Health Include Zero Companies: No Include Other Business Type: Yes

Group Code	Cocode	Company Name	Domicile	Direct Premiums Written	Market Share	Cumulative Market Share	Direct Premiums Earned	Direct Loss Incurred	Pure Direct Loss Ratio	Dividends Paid
786	70114	Unity Mut Life Ins Co	NY	0	0.00%	100.03%	0	0	0%	0
	68039	Residential Life Ins Co	NY	0	0.00%	100.03%	0	0	0%	0
	62421	Heritage Union Life Ins Co	AZ	0	0.00%	100.03%	0	0	0%	0
943	60038	Acacia Life Ins Co	DC	0	0.00%	100.03%	0	0	0%	0
3548	25682	Travelers Ind Co Of CT	CT	0	0.00%	100.03%	0	-13	0%	0
403	67814	Phoenix Life Ins Co	NY	0	0.00%	100.03%	0	0	0%	0
634	65528	Life Ins Co Of The Southwest	TX	0	0.00%	100.03%	0	0	0%	0
	63223	Federal Life Ins Co	IL	0	0.00%	100.03%	0	0	0%	0
276	62863	Trustmark Life Ins Co	IL	0	0.00%	100.03%	0	237	0%	0
	31119	Medico Ins Co	NE	0	0.00%	100.03%	4	-92	-2300%	0
761	21849	American Automobile Ins Co	MO	0	0.00%	100.03%	0	0	0%	0
454	69485	Security Natl Life Ins Co	UT	0	0.00%	100.03%	0	0	0%	0
4213	60704	Wilton Reassur Life Co of NY	NY	0	0.00%	100.03%	0	0	0%	0
212	63177	Farmers New World Life Ins Co	WA	0	0.00%	100.03%	0	0	0%	0
212	70173	Universal Underwriters Life Ins Co	KS	-2	0.00%	100.03%	16	10	62.50%	0
953	71072	Marquette Natl Life Ins Co	TX	-4	0.00%	100.03%	-1	0	0%	0
4254	61506	Resource Life Ins Co	IL	-7	0.00%	100.03%	72	21	29.17%	0
12	19429	Insurance Co Of The State Of PA	PA	-554	-0.03%	100.00%	-637	16	-2.51%	0
		306 Companies in Report		1,699,360	100%	100%	1,693,537	1,144,492	67.58%	419

ATTACHMENT 2



**BlueCross BlueShield
of Delaware**

Partnering for a Better Future

Partnership Memorandum Response

October 15th, 2009



This presentation is delivered to you in confidence and is subject to the provisions set forth in the confidentiality agreement executed in July 2007 and amended in September 2009. Without limitation, the proposal set forth herein is a non-binding proposal only and is not intended to create any legal rights or obligations on the part of any party. Until such time, if any, that Highmark and BCBSD enter into a mutually satisfactory Definitive Agreement, no binding arrangement will exist as to any matter set forth herein.

**CONFIDENTIAL
HM-AG-D-0001**

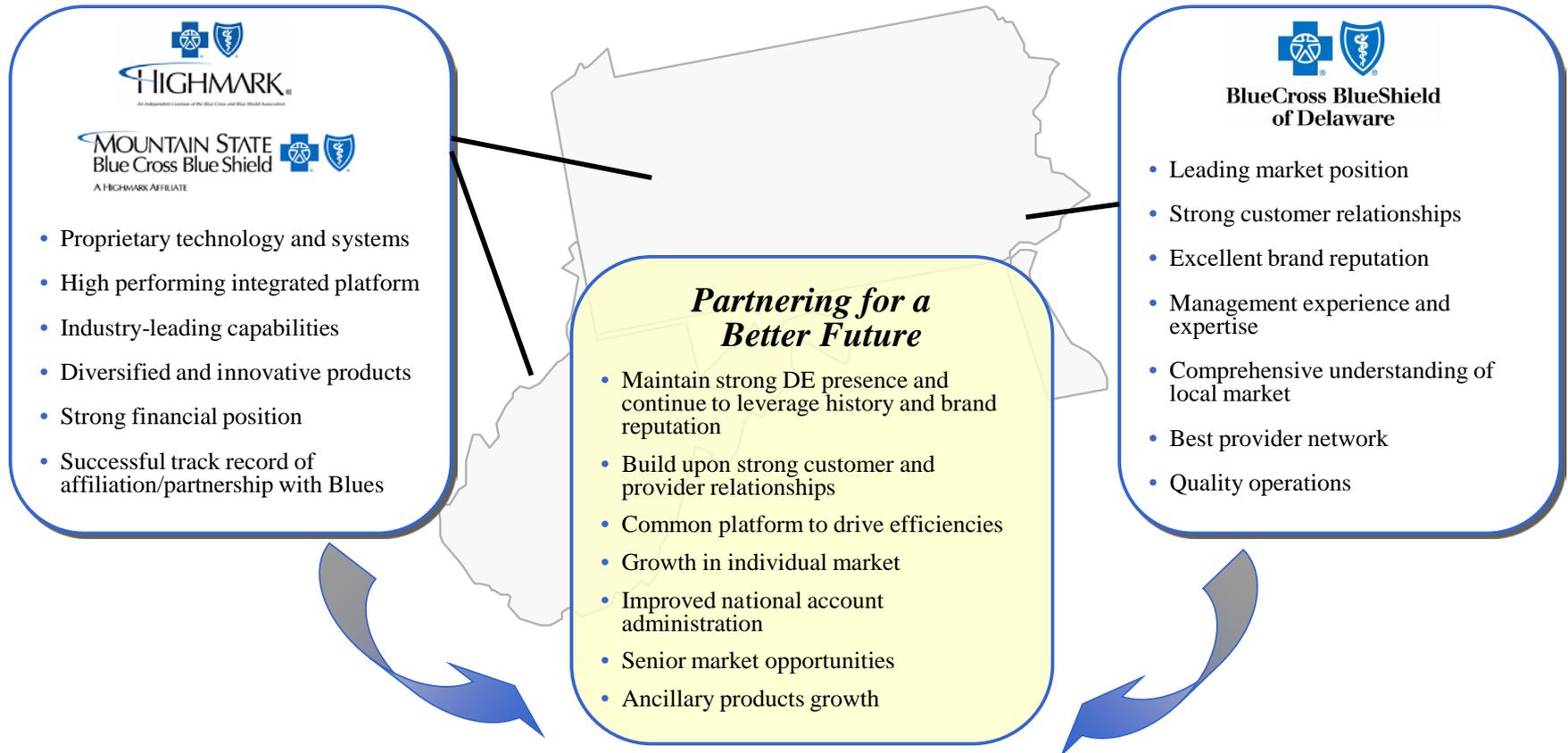
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- Executive Summary
- Highmark Overview
- Recommended Solution for BCBSD
- Benefits of Highmark Affiliation for BCBSD
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 - Comprehensive and Innovative Products and Services
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 - Efficient Transition and Integration
- Next Steps / Closing
- Appendix

Executive Summary

Partnering for a Better Future

The Highmark solution is designed to capitalize on the strengths of both organizations to ensure BCBSD will be able to continue to support its mission and vision to be the leading health benefits company in Delaware.



Executive Summary

A Stronger BCBSD for the Future

An affiliation with Highmark will lead to enhanced financial stability and long-term competitiveness for BCBSD.

- **Access to State of the Art Systems and Technology**
 - Proprietary system delivers industry leading performance at competitive cost
 - Leverage Highmark’s significant recent information technology investments

- **Comprehensive and Innovative Products and Services**
 - Expand customer “wallet share” with ancillary products
 - Improve speed to market with innovative offerings
 - Products designed for increased consumerism and retail level sales

- **Access to Industry Leading Capabilities and Resources**
 - Better positioned to respond to changing industry needs (e.g. healthcare reform, ICD 10)
 - National Accounts, informatics, senior products
 - Purchasing synergies from enhanced scale

- **Maximum Value to Stakeholders**
 - Continued support of not-for-profit mission
 - Commitment to maintaining a strong presence in Delaware

- **Efficient Transition and Integration**
 - Extensive experience and resources
 - Proven track record

Executive Summary

Successful Track Record

Highmark has consistently demonstrated its ability to execute a variety of successful strategic relationships with Blue Plans, and we plan to draw upon that experience to create and implement a mutually beneficial relationship with BCBSD.

Consolidation



Affiliation



Joint Venture



Administrative Services Partnerships



* Currently being implemented

Executive Summary

Mountain State Affiliation

The Highmark solution for BCBSD is largely based upon the structure, process and lessons learned from our successful affiliation with Mountain State BCBS.

■ Driving Forces

- Given changing needs of competitive healthcare industry, Mountain State was looking for ways to:
 - Improve services to customers
 - Improve support for employees
 - Position company for financial success
- Information technology needs and costs to develop
- Looking for Plan that shared philosophy, tradition and values



■ Objectives for Affiliation

- Commitment to the non-profit BCBS values, employees, state of West Virginia and improving Mountain State's capital position

■ Affiliation Overview

- Two phased approach in 1999 and 2004 - largely a consequence of Ohio situation
- Shared governance role initially; all Highmark in 2004
- Highmark became primary BCBS licensee; guaranteed claims
- Surplus notes provided to replenish capital position
 - \$10M note in 1999 – improve RBC position
 - \$25M note in 2005 – intended to assist funding of systems migration – never used (self funded)

Executive Summary

Mountain State Affiliation

Highmark will be able to leverage the benefits and lessons learned from the Mountain State affiliation to implement a timely and efficient solution for BCBSD.

■ Benefits of Affiliation with Highmark

- Significant new capabilities brought to WV market in cost effective manner- portals, Medicare Advantage, etc.
- Operational efficiencies and increased quality through automation and process improvement
- Access to favorable contractual terms by leveraging Highmark relationships- PBM, care management, informatics, etc.
- Increased market share
- Increased financial strength and stability
- Compliant environment

■ Lessons Learned

- Understand needs and challenges of a regional plan
- Importance of maintaining strong local presence
- Need to go beyond capabilities and focus on driving efficiencies
- Approach to systems migration
- Preserve operating flexibility

Scope of Highmark Solution

- **Groups:** 11,000
- **Members:** 322,000
- **Claims:** 9 M converted
4 M claims annually
- **Systems/
Capabilities:** Actuarial, Sales, Provider, Membership, Billing, Claims, Customer Service, Backend Financial, EDI, Reporting/Data Warehouse

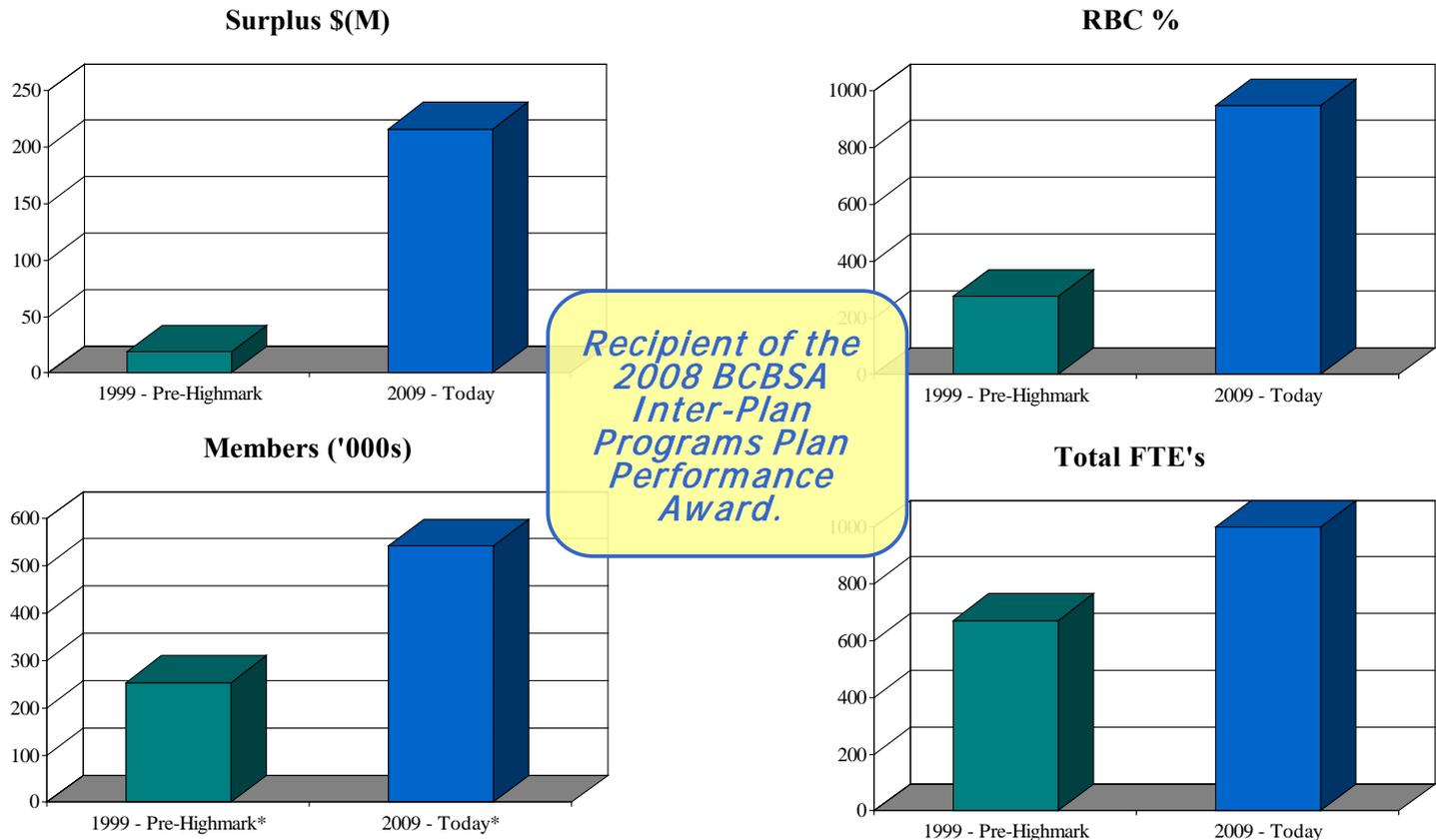


Mountain State BCBS new headquarters – completed September 2009

Executive Summary

Mountain State Affiliation

Mountain State's financial strength and performance have improved across a number of key metrics.



* Includes BlueCard membership

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Highmark Overview

Corporate Profile

Highmark is one of the largest diversified health insurers in the United States.

- One of 10 largest health insurance companies in the U.S. in terms of membership.
 - Health membership of 4.8 million.
 - Total membership across all product lines of 30 million.
 - \$13 billion in annual consolidated revenues and \$3.6 billion in reserves.
 - Largest not-for-profit Blue Plan (by total revenue).
- “A” rating from both Standard & Poor’s and A.M. Best for our consolidated balance sheet, capitalization and market position.
- Approximately 22,000 employees, with over half based outside of Pennsylvania.
- Among the nation’s leaders in:
 - Medicare claims processing (3rd largest by estimated CMS contract revenue)
 - Medicare Advantage plans (9th largest by membership)
 - Vision managed care (3rd largest by membership)
 - Optical retail chain (2nd largest by revenue)
 - Dental insurance (7th largest by membership)
 - Stop Loss (5th largest by gross premium)
- \$2.5 billion economic impact in our local markets.
- \$130 million for programs in support of our corporate mission.



Highmark Overview

Markets Served

Highmark is a not-for-profit diversified healthcare company with a regional mission and a national presence.



- Highmark's core markets are western/central Pennsylvania and West Virginia.
 - Pennsylvania core service areas include the 29 counties within western PA and 21 counties in the central PA region.
 - Highmark also controls the Blue Cross Blue Shield brand license for West Virginia through its controlled affiliate, Mountain State BCBS.
- Highmark jointly offers various health insurance products in northeastern PA and southwestern PA through joint arrangements with BC of NEPA and Independence BC.
- Highmark's wholly-owned subsidiary Highmark Medicare Services (HMS), is the Medicare Administrative Contractor for region J12 (PA, DE, NJ, MD and the District of Columbia).
 - HMS annually processes more than 100 million fee-for-service claims for over 4.2 million Medicare members in this region.
- Highmark's for-profit subsidiaries operate throughout the United States.
 - Over \$2.5B revenues outside Highmark's core.

Highmark Overview

Portfolio of Businesses

Highmark's diversified strategy leverages a portfolio of complementary businesses and organizations to drive its mission and strategic objectives.

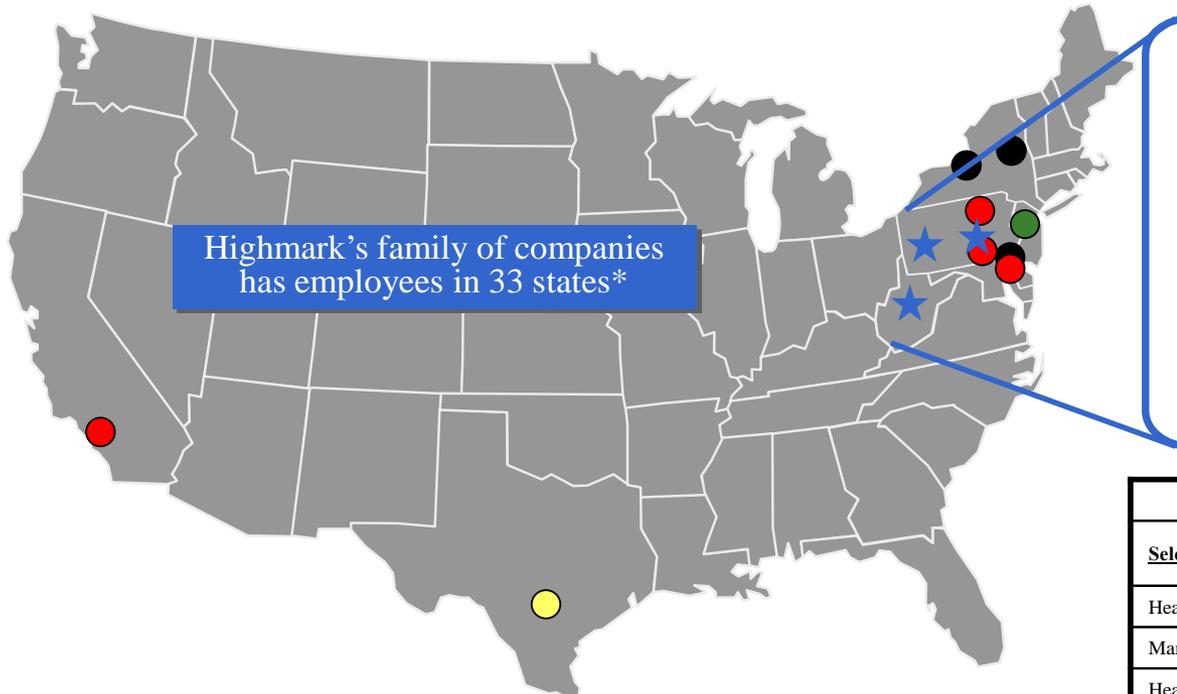


* Gateway Health Plan is jointly owned with Mercy Health Plan

Highmark Overview

Operating Philosophy

Highmark has experience managing a multi-campus organization in an efficient manner.



- ★ Highmark, Pittsburgh, PA
- ★ Highmark, Camp Hill, PA
- ★ Mountain State Blue Cross Blue Shield, Parkersburg, WV
- United Concordia Dental, Harrisburg, PA
- United Concordia Dental, Williamsport, PA
- United Concordia Dental, Baltimore, MD

- United Concordia Dental, Los Angeles, CA
- Eye Care Centers of America (HVHC), San Antonio, TX
- Viva International Group (HVHC), Somerville, NJ
- Davis Vision (HVHC), Syracuse, NY
- Davis Vision (HVHC), Latham, NY
- Davis Vision (HVHC), Philadelphia, NY

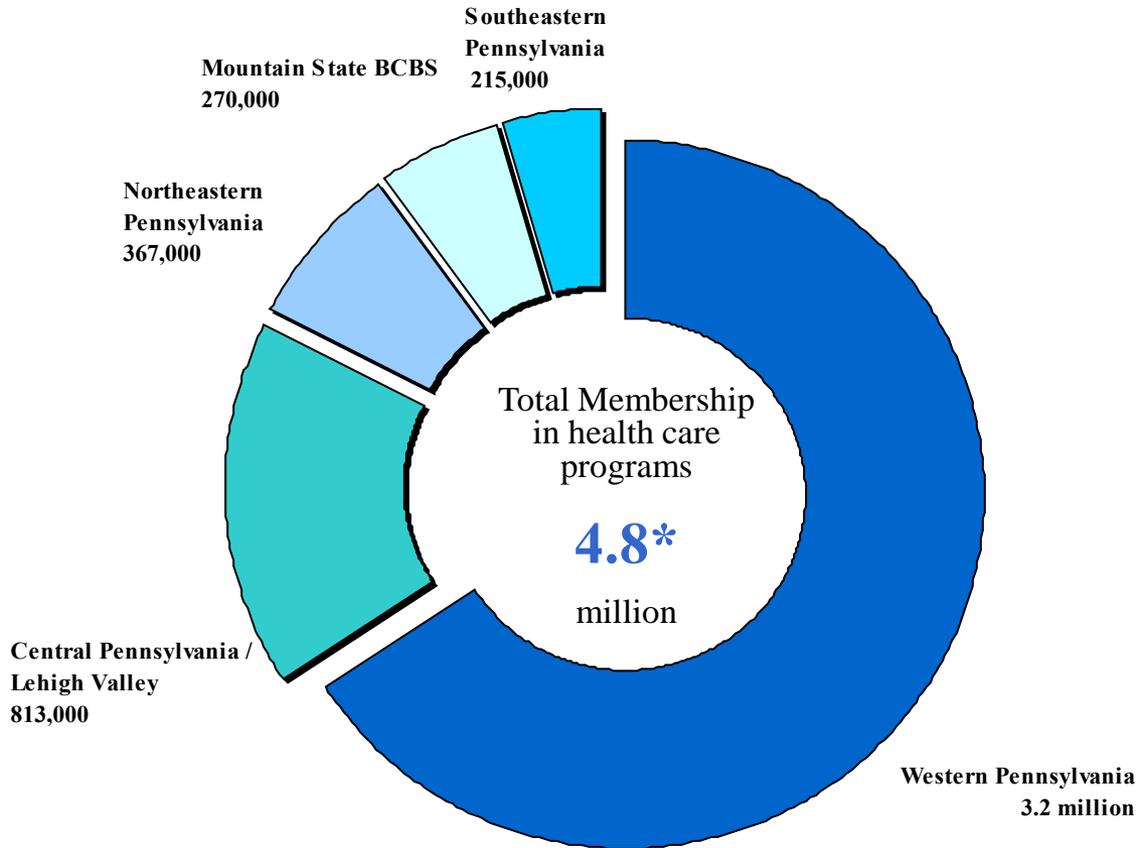
<u>Select Functions</u>	<u>Main Campuses*</u>		
	<i>Pittsburgh</i>	<i>Camp Hill</i>	<i>West Virginia</i>
Health Plan Operations	1300	1100	600
Market-facing	140	100	80
Health Services	1100	300	100
Finance (incl. Actuarial & underwriting)	200	200	50
Information Systems	800	1000	30

* Represents approximate employment levels by function

* Note – Map does not depict over 45 United Concordia Dental and HM Insurance Group regional sales offices located across the country.

Highmark Overview

Health Enrollment Detail



BlueCard Membership**

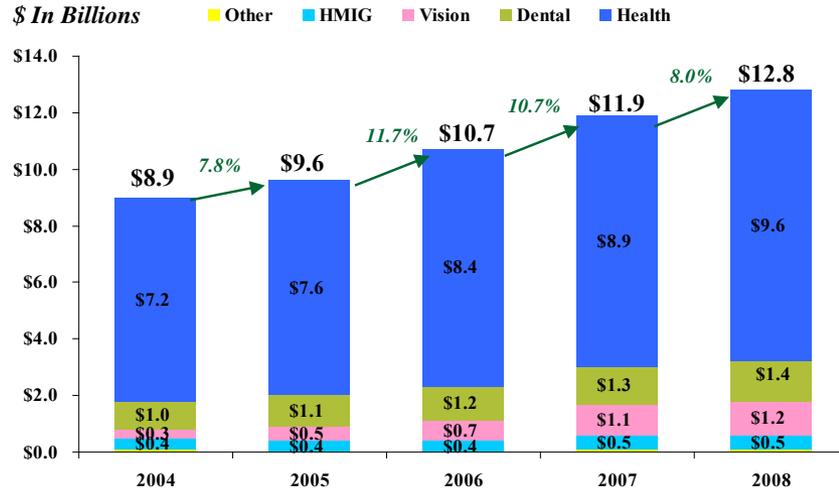
Western Pennsylvania –	310k
Central Pennsylvania/ Lehigh Valley –	430k
Mountain State BCBS –	250k
Other Service Areas –	425k
Total	1,415k

** Approximate BlueCard membership based on April 2009 BCBSA IIPER report (by contracts).

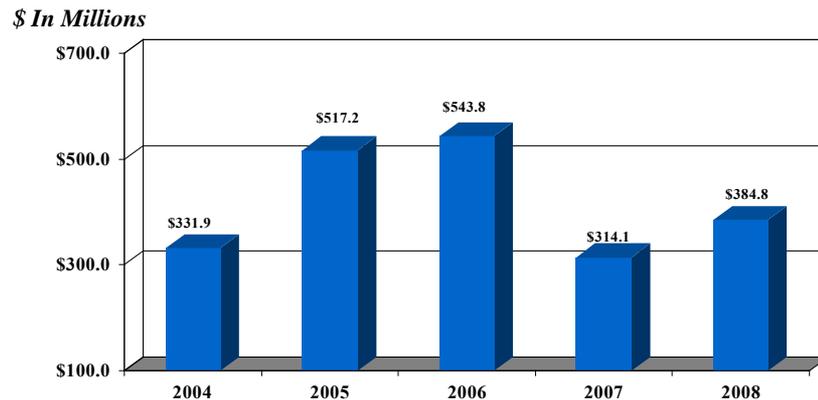
Highmark Overview

Financial Position & Enrollment

Revenue

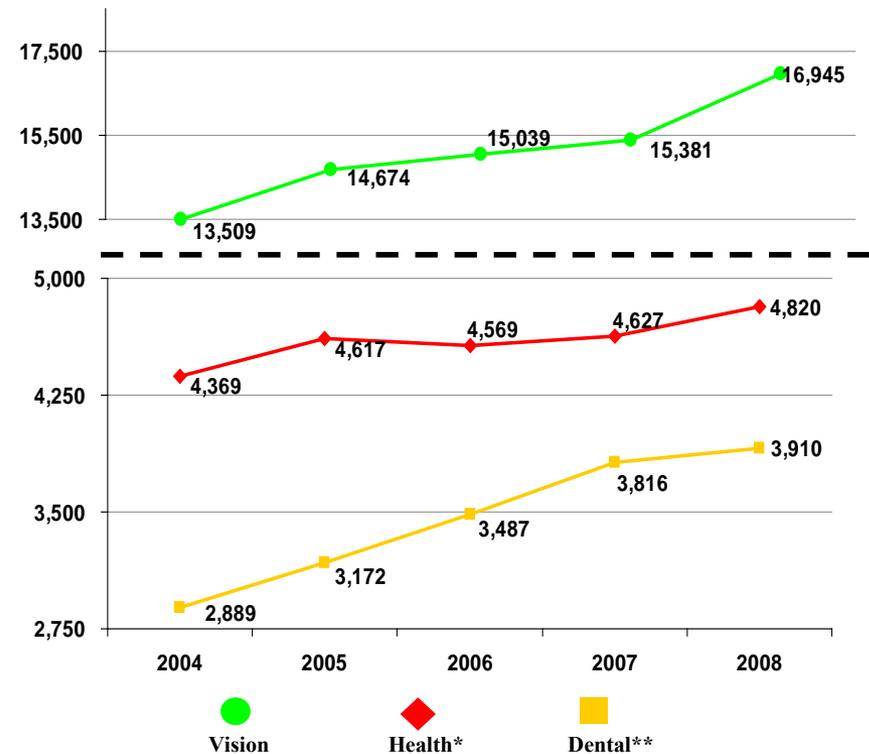


Operating Profit



Enrollment by Line of Business

In Thousands



* Includes partner plan enrollment and membership of affiliated companies

** Dental enrollment represents contracts

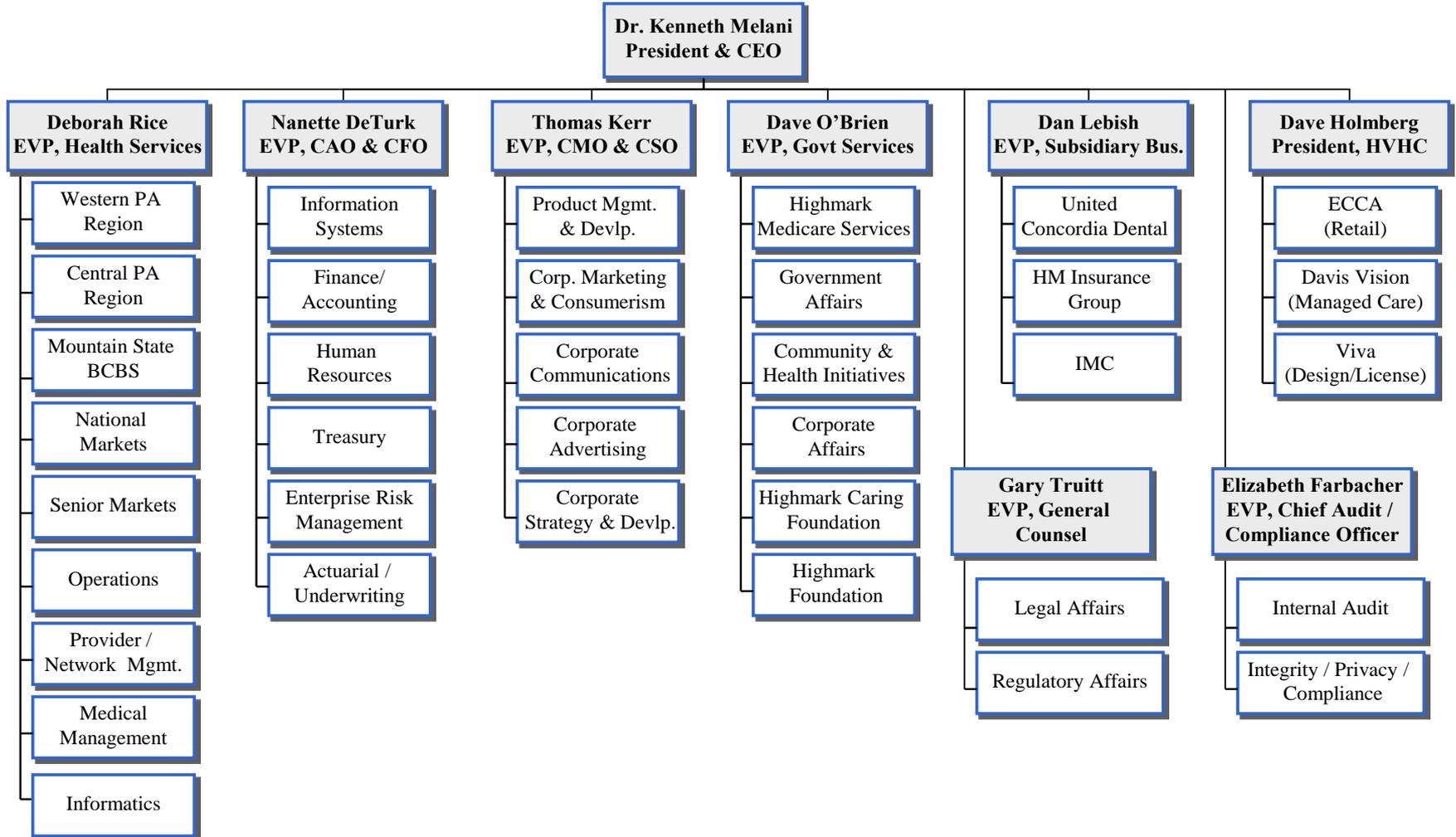
Highmark Overview

Diversification

REDACTED

Highmark Overview

Management Structure



Highmark Overview

Corporate Strategy

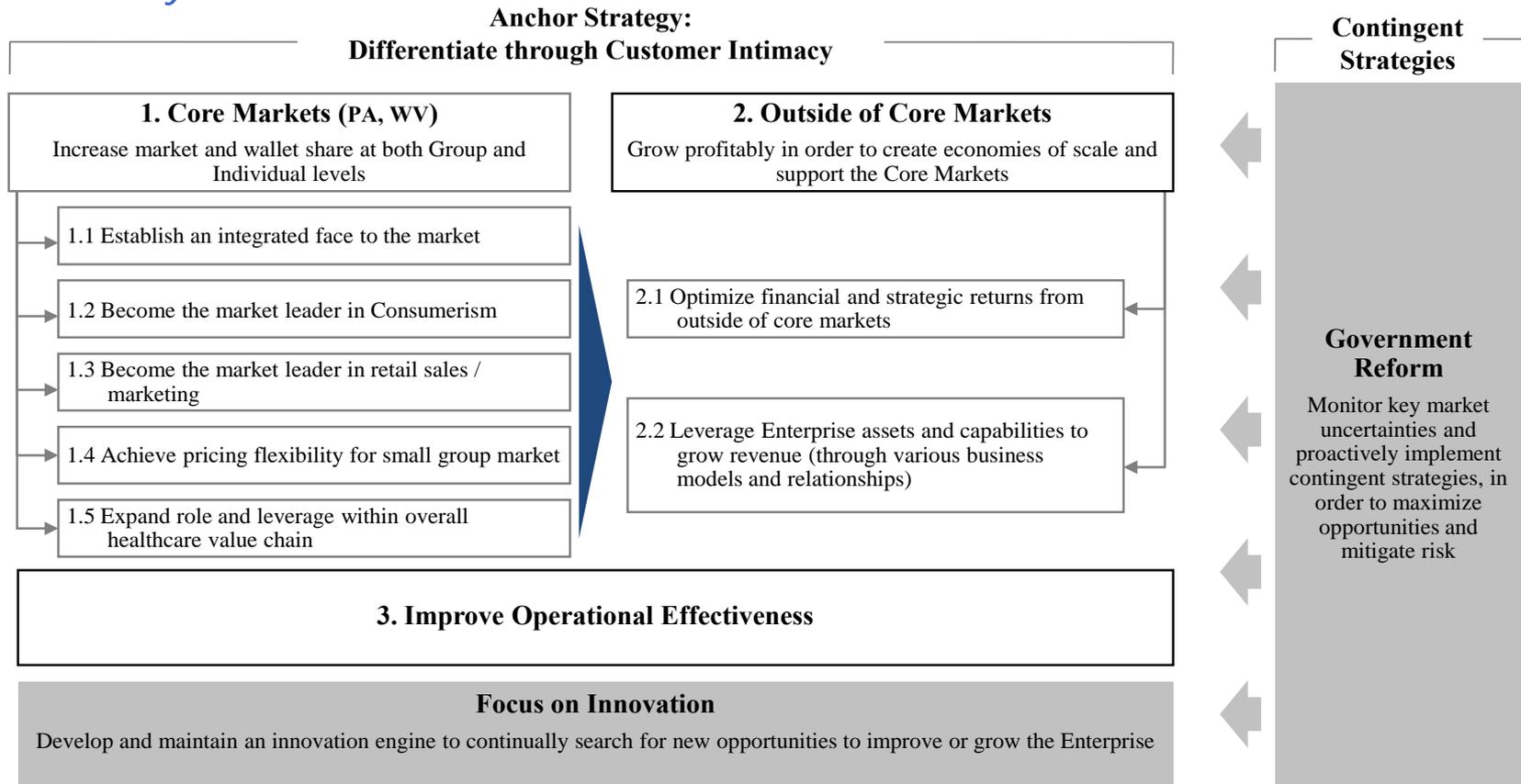
Highmark's corporate strategy is based on five imperatives:

- *Social Responsibility* – To fulfill our corporate mission, Highmark is focused on keeping quality health care programs available to all segments of the community.
- *Employee Value* – Highmark's strength is in our people, and the synergy of different skills, talents, potential and backgrounds drives our success.
- *Customer Value* – Our goal is to ensure member choice while implementing effective management programs designed to improve the quality of care received by our members.
- *Financial Stability* – Highmark's financial strength acts as assurance that we will stand behind our obligations to customers, and exists to further our mission and values.
- *Growth* – Highmark continually seeks growth opportunities as a means of providing scale, generating operational efficiencies, and eliminating unnecessary redundancies in an effort to better serve our customers.

Highmark Overview

Enterprise Anchor Strategies

Highmark's enterprise anchor strategy is focused on differentiation through customer intimacy.



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Recommended Solution for BCBSD

Background of Highmark-BCBSD Discussions

Highmark and BCBSD began discussions around a strategic relationship in 2007.

- **In 2007 Highmark and IBC jointly responded to an RFP for a strategic relationship**
 - Initial joint response submitted in September 2007 with follow-up presentation in November 2007.
 - Due to constraints caused by Highmark/IBC consolidation efforts, proposed two phase approach.
 - Phase 1 – Migration of BCBSD to Highmark Platform
 - Phase 2 – Affiliation execution
 - Core health platform, leading edge solutions and complementary health/ancillary offerings provided by Highmark.

- **Simultaneously, Highmark and IBC were engaged in consolidation discussions**
 - Consolidation would have driven significant administrative savings, expanded access to healthcare and provided substantial economic stimulus to the PA economy.
 - Over 20 months of due diligence, consolidation planning and working with PA DOI.
 - US DOJ cleared proposed consolidation in May 2007 and in July 2008.
 - PA DOI conditions to approve the consolidation included relinquishing of Blue Cross or Blue Shield brand, citing “competition was the key issue here”.
 - Highmark and IBC withdraw application January 2009.

Recommended Solution for BCBSD

Partnership Objectives

Based on the August 2009 partnership memorandum, we understand that BCBS Delaware is interested in establishing a long term strategic partnership that accomplishes the following objectives:

- Provides access to next generation systems and technology
- Supports a full array of health and related products
- Encompasses innovative tools and information services
- Delivers value to customers, providers, employees and the community
- Represents a good cultural fit
- Provides for an efficient transition and implementation plan

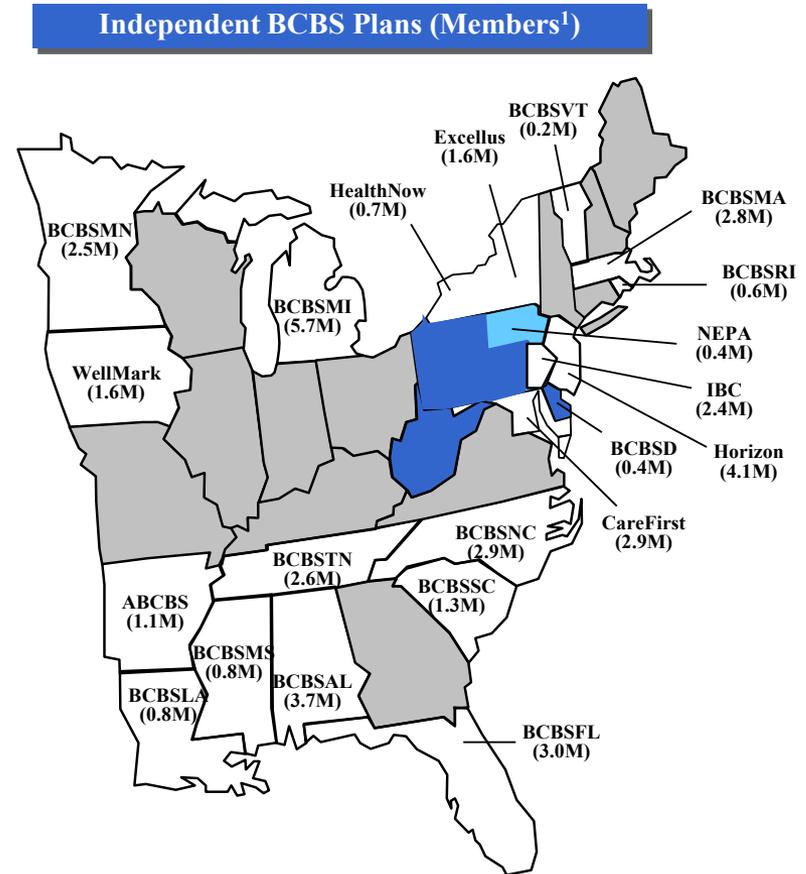
We believe Highmark is the best partner to address all of BCBSD's identified objectives.

Recommended Solution for BCBSD

BCBSD's Fit with Vision and Strategy

Highmark believes an affiliation with BCBSD best positions both companies for long term success.

- Industry forces require plans to become more efficient operators.
- Leveraging economies of scale is critical to restraining costs.
- Independent plans will increasingly struggle over the next 5-10 years to make the necessary investments to remain competitive.
- Plans will look to affiliations, mergers and for-profit conversions to survive.
- Independent not-for-profit Blues must look to regionally focused affiliations.
 - Preserves focus on social mission.
 - Balances benefits of scale and streamlined operations with local market presence/identity.
 - Synergies from geographic proximity (demographics, markets, cultures, etc.).



Recommended Solution for BCBSD

Proposed Structure

Highmark's recommended solution addresses all of BCBSD's stated partnership objectives and will result in a more financially secure and competitive BCBSD that can continue to fulfill its local social mission and vision for years to come.

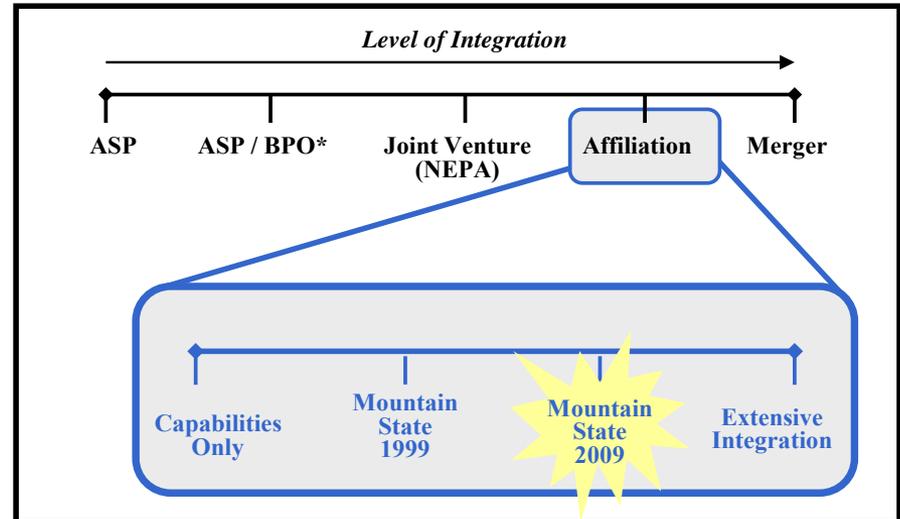
Summary

Organization	<ul style="list-style-type: none"> Non-stock, Delaware corporation d/b/a BCBS Delaware
Legal Structure	<ul style="list-style-type: none"> Controlled Affiliate
Sole Member	<ul style="list-style-type: none"> Highmark
Board of Directors	<ul style="list-style-type: none"> Highmark appoints directors Potential for DE residents Existing BOD transition
BCBSA License	<ul style="list-style-type: none"> Highmark to hold BCBS license Claims Guarantee
Key Agreements	<ul style="list-style-type: none"> Affiliation Agreement Administrative Services Agreement

Benefits of Structure

- Speed to close and transaction simplicity
- Maintain local focus
- Increased chance of approval
- Leverage Highmark experience with West Virginia
- Local control of surplus

Strategic Options

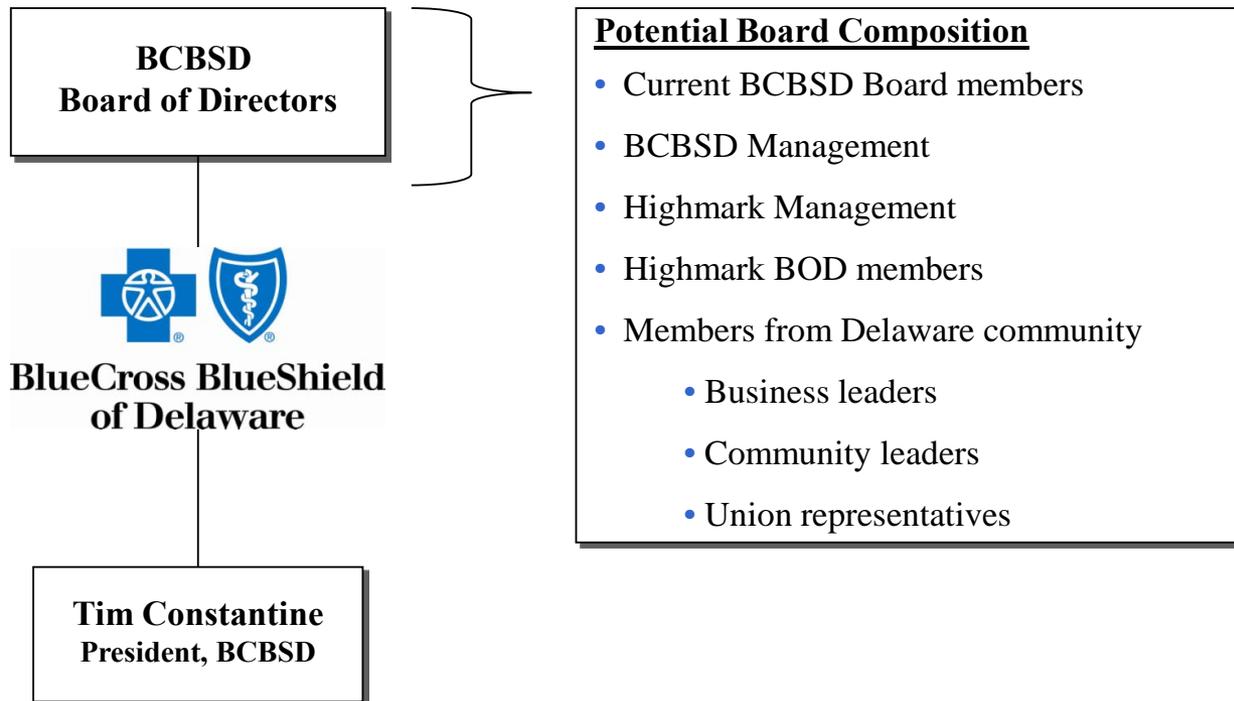


* Application Service Provider / Business Process Outsourcing

Recommended Solution for BCBSD

Governance Illustration

Similar to Highmark's subsidiaries and controlled affiliate, BCBSD would be governed by its own Board of Directors.



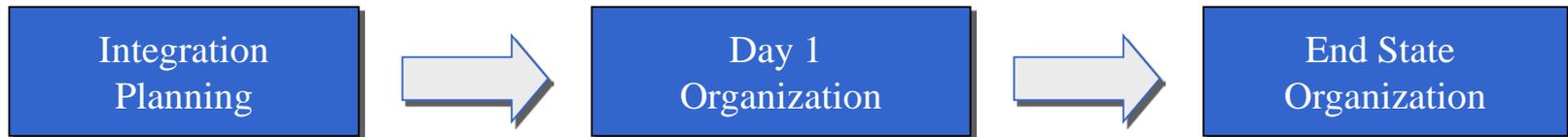
Recommended Solution for BCBSD

Integration Guiding Principles

The following guiding principles will be used to develop a comprehensive integration plan.

- Preserve market-facing functions in the Delaware market.
- Leverage policies and procedures across the organization to minimize/eliminate compliance and control issues.
- Achieve efficiencies from enhanced productivity and reduced duplicative functions.
- Minimize the impact on local employment levels as much as possible.
 - Flexibility on timing and nature of any required impacts.
 - May be able to offset impacts by identifying additional employment growth opportunities (e.g. DE business growth, Highmark enterprise positions, new business ventures).

Integration Process



Recommended Solution for BCBSD

Integration Planning Process



A team from Highmark and BCBSD will work together to develop a detailed integration plan for the Day 1 and End State organization.

- Timing of integration planning shaped by regulatory review process.
 - Expect majority of the integration planning activities to be conducted during the regulatory approval process (~12-18 months).
- Integration planning will encompass both systems migration activities and organizational integration, though converting BCBSD to Highmark’s core platform will be the top priority.
- Leverage insights from best practices and past experiences.
 - Development of joint integration teams with dedicated senior management resources.
 - Utilize analytical, data-driven process to determine areas of integration.
- Key steps include:
 - Project Management and Organization (teams, charters, work plans, etc.)
 - Data Collection and Assessment
 - Integration Design
 - Transition Planning
 - Final Integration Plan
- The timing of the integration will be sequenced to maximize efficiencies while preserving business stability.
- Potential to offer certain high priority capabilities on a contractual basis during waiting period – to ensure market needs are addressed in a timely manner (National Accounts, Senior Products, etc.).

Recommended Solution for BCBSD

Day 1 Organization Overview

Integration Process

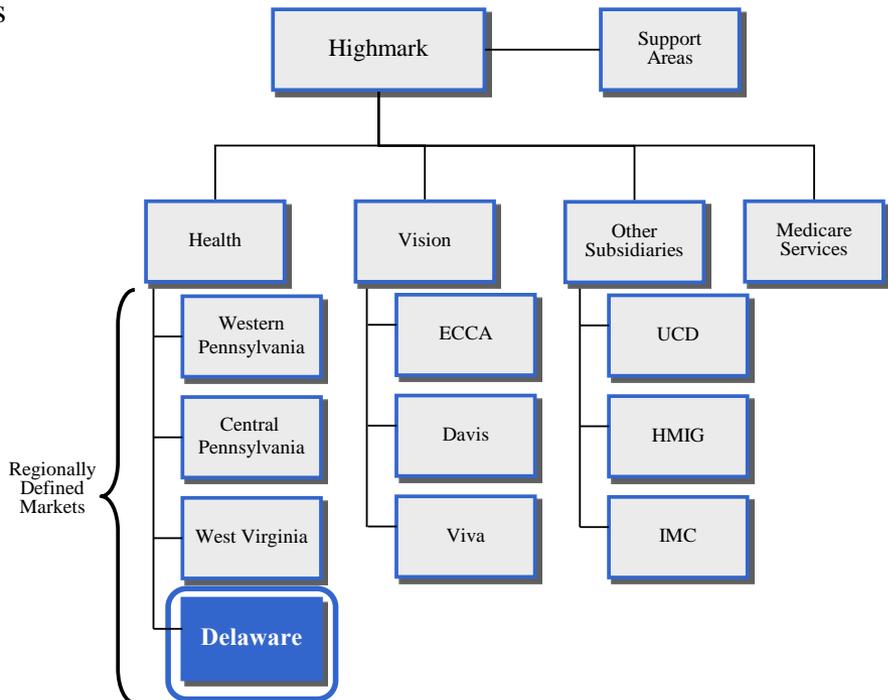
Integration
Planning

Day 1
Organization

End State
Organization

As Highmark's fourth core health market, BCBSD would be an integral part of Highmark's operations.

- Organizational reporting for market-facing functions with support from corporate.
- Functional reporting for middle/back office and corporate functions.
- Minimal impact on day to day operations and staffing.
- Consistent policies/procedures across organization.
- Ensures consistent functional management across organizations.
- Facilitates sharing best practices.
- Provides guidance into End State planning.



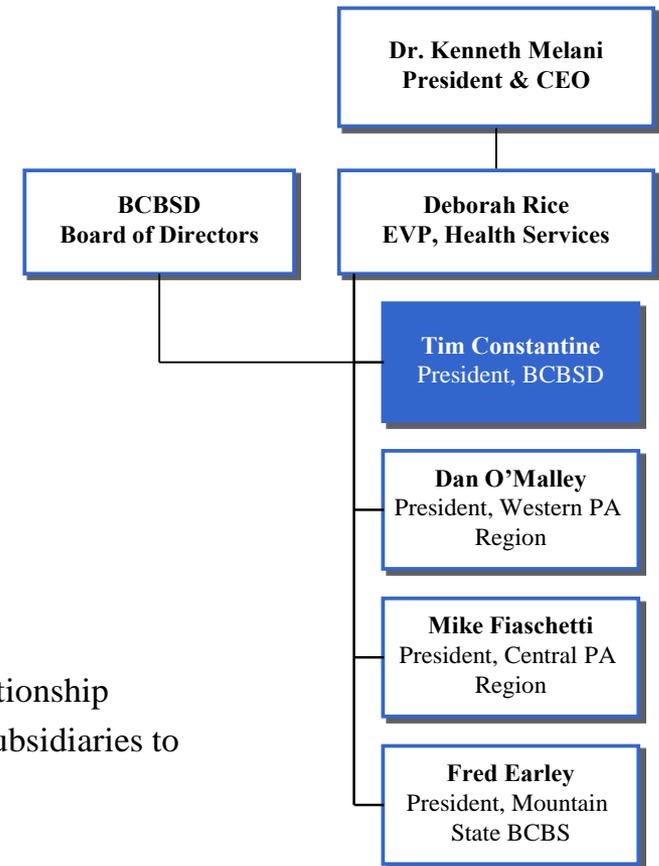
Recommended Solution for BCBSD

Market President Role



Highmark's Market Presidents are the face of their organizations in the community and key members of the parent company's senior management team.

- Dual reporting accountability
 - BCBSD board of directors
 - Highmark's EVP Health Services
- Senior Executive within Health Services organization
 - Involved in strategic planning process for health services
- Responsible for governance of DE operations
 - P&L responsibility
 - Direct reporting for all market-facing functions
 - Sales and distribution
 - Provider management (contracting, relationships)
 - Regulatory matters/lobbying
 - Regional community affairs
 - Functional reporting for all support services – dotted line relationship
 - Additional accountability for working with other Highmark subsidiaries to cross-sell ancillary products and services

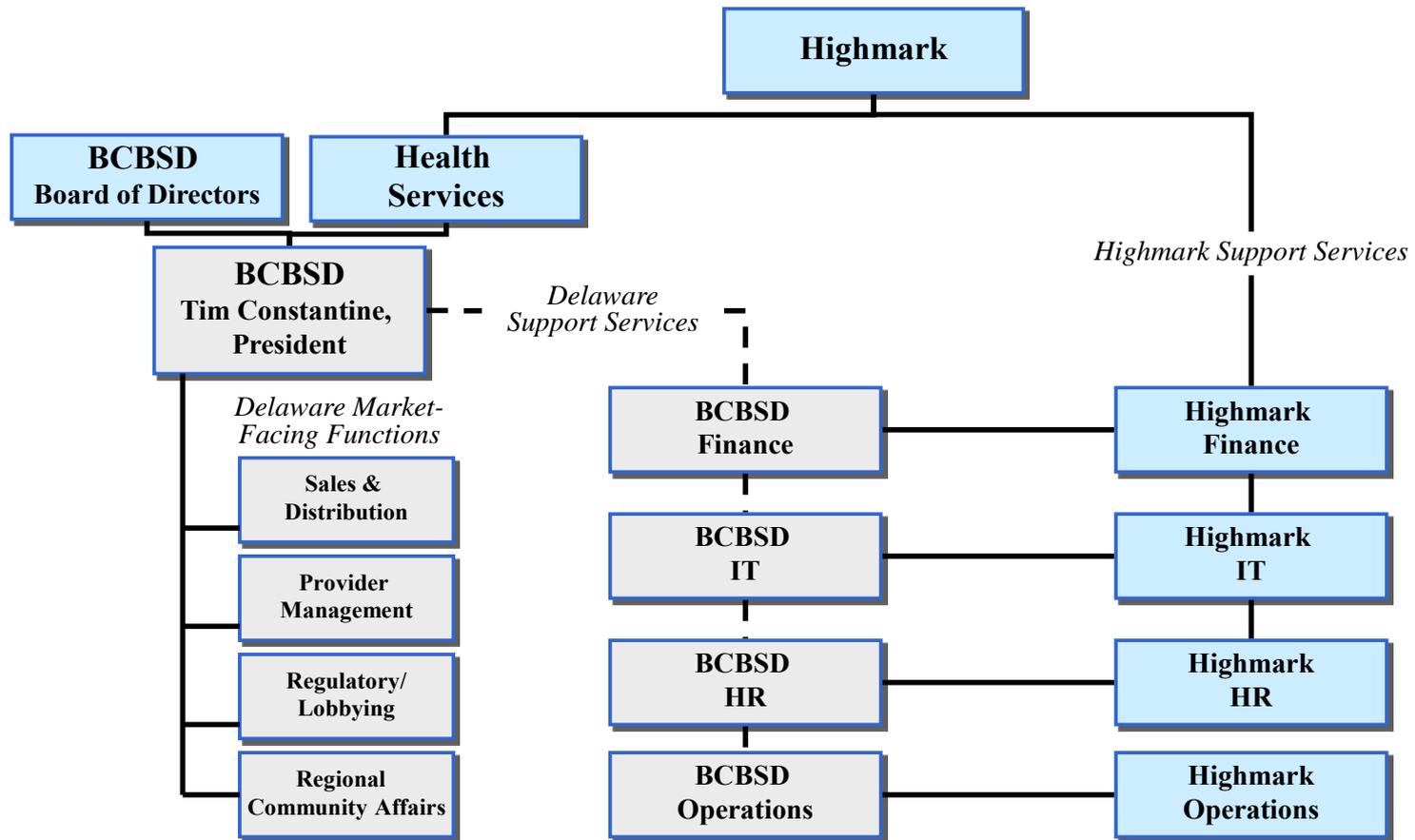


Recommended Solution for BCBSD

Day 1 Management Structure Illustration



BCBSD would have a management structure similar to Mountain State today, using a combination of organizational and functional reporting lines.



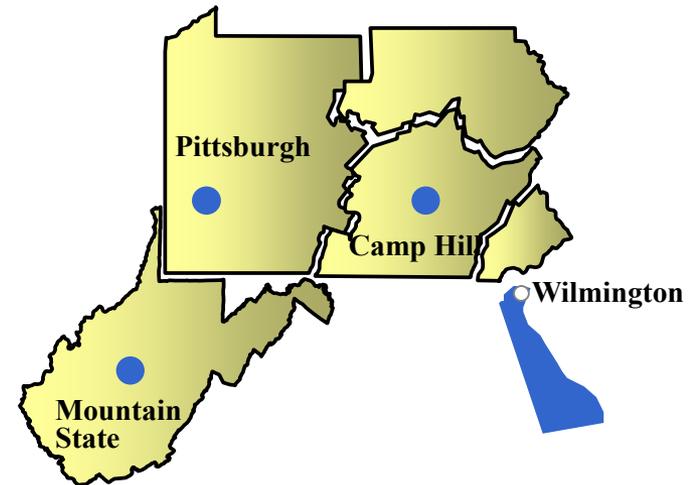
Recommended Solution for BCBSD

End State Organization Overview



The End State vision is an integrated group of companies that balances the benefits of consolidation and streamlined operations with preservation of strong local market presence.

- Market facing functions continue to be delivered locally in the End State with support from corporate areas.
- Leverage efficiencies of shared service or centralized service model, where appropriate.
- Timing and degree of consolidation will vary by function.
- Migration to common systems will enable each function to transition from Day 1 organization to a fully integrated End State.
- Continued local delivery of all market facing functions with support from corporate.
- Most functions will be supported at some level by employees from all four core markets.
- Market Presidents will have access to dedicated resources in key support areas (i.e. Finance P&L Resources, Actuarial & Underwriting, etc.).



Recommended Solution for BCBSD

End State Operating Model

Integration Process

Integration
Planning



Day 1
Organization



End State
Organization

REDACTED

Recommended Solution for BCBSD

End State Operating Model

Integration Process

Integration
Planning



Day 1
Organization

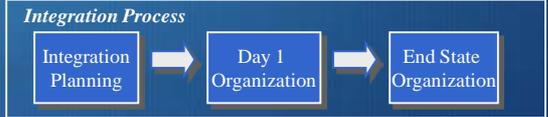


End State
Organization

REDACTED

Recommended Solution for BCBSD

Operational Integration Timeline



REDACTED

Recommended Solution for BCBSD

Technology / Systems Integration

Integration Process

Integration
Planning



Day 1
Organization



End State
Organization

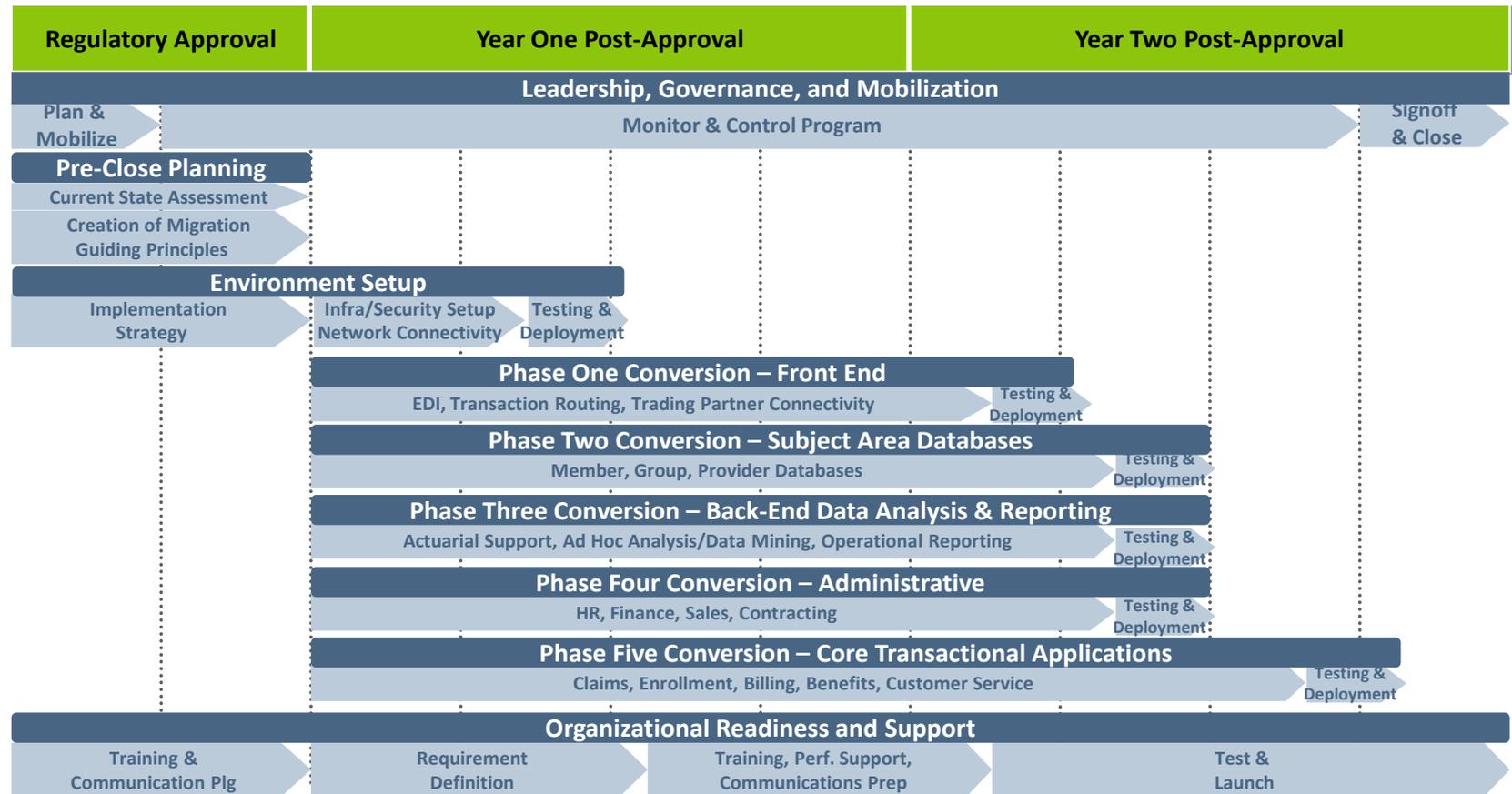
REDACTED

Recommended Solution for BCBSD

Technology / Systems Integration Timeline



Our experience has shown that for a plan the size of Delaware, migrating the entire book of business at once is not only feasible but provides the best balance of speed and risk mitigation.



Recommended Solution for BCBSD

Integration Plan Implementation Cost

Based on the information provided to date, we believe the cost required to fully migrate BCBSD to Highmark's systems will be in the \$25 - \$40 million range.

- Cost categories include:
 - Core platform (includes claims, membership, billing, data warehouse, reporting, etc.)
 - Product, pricing and distribution
 - Finance/HR
 - Medical/Network mgmt
- Significant savings relative to Deloitte's estimates from capability assessment of over \$100M.
- Cost estimates were developed using information provided by BCBSD and information from Highmark's experience with other comparable migrations and recent ASP/BPO proposals.
- We look forward to working with BCBSD to refine these estimates during the due diligence phase.
- Highmark would be prepared to provide surplus notes to BCBSD to fund a portion of the investment if it were deemed necessary to preserve BCBSD's capital position.
 - Similar to Mountain State- note made available but not used.
 - Highmark has the resources available to provide notes (if necessary).

Savings associated with the integration need to be considered in conjunction with investment costs.

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State-of-the-Art Technology and Systems

Summary

Highmark's state-of-the-art technology and systems will enable BCBSD to meet the evolving needs of its customer base.

- Proprietary system delivers industry leading performance at competitive cost.
- Single, scalable & flexible platform that can support diverse customer and product types.
- Significant recent investments made to deliver innovative tools and allow for additional enhancements to meet future market demands.
- Extensive resources available to help BCBSD meet the requirements of its local market.
- Better positioned to respond to rapidly changing industry needs (e.g. healthcare reform, ICD 10).
- Recognized as a leader in information technology.

REDACTED

State-of-the-Art Technology and Systems

Overview of Platform

REDACTED

State-of-the-Art Technology and Systems

Performance Metrics

REDACTED

REDACTED

State-of-the-Art Technology and Systems

Legacy Modernization

BCBSD's customers will benefit from the recent \$360M investment that Highmark has made and will continue to make in new capabilities and operational improvements.



State-of-the-Art Technology and Systems

Real-Time Solutions

Highmark's Real-Time solutions were developed to help increase collection of member responsibility at the point of service and to help enable a retail experience.

■ Real-Time Estimation

- Allows providers to determine accurate member liability.

■ Real-Time Claim Adjudication

- Allows providers to submit a claim that is processed in real-time at the point of service.

■ Accelerated Payment

- Increases speed of Highmark payment to providers if they participate in Real-Time and EFT/paperless programs.



Provider Office Quotes

“Submitting a claim is easy. I feel like there must be more to it !”

“If we didn’t have the Real-Time Estimation tool, then the patient wouldn’t have said anything about having a deductible and we would have missed the opportunity to collect at the time of service.”

“I see this as a great value to us.”

“I love (real-time capabilities). I can’t imagine any provider not loving using the Portal for these transactions.”

State-of-the-Art Technology and Systems

Data Center

Highmark owns and operates one of the most advanced data centers in the industry today.

Key Facts

- Opened December 2005
- Cost of \$43 million, 87,000 Sq. Ft.
- Designed to accommodate future needs
- Tier 3 Certified – Ability to shut down parts of the center without interruption to production
- Top of the line physical security
- Latest mainframe technology – Includes LINUX
- Remote data replication for disaster recovery



Data Center, Camp Hill, PA

State-of-the-Art Technology and Systems

Department Overview

With a large and dedicated team, Highmark is a recognized leader in providing value-based information systems innovation and development.

- Annual IT budget ~\$385M
- 2,068 employees + 361 contractors
 - 52% Camp Hill, PA
 - 42% Pittsburgh, PA
 - 6% Telecommuter
- Supporting multiple strategic efforts
- Meeting significant regulatory challenges



State-of-the-Art Technology and Systems

Industry Awards & Recognition

Recognized as a leader in information technology.

- Highmark has consistently been ranked on *Information Week* magazine's annual listing of the nation's top 500 innovators of information technology- ranked 2nd among health insurers in 2009.
- Computerworld magazine named Highmark the country's top "green" information technology company in 2008.
- Ranked in "CIO 100" in 2006 CIO Magazine.
- Earned the 2005 "Low Cost, High Performing Plan" Award from the Federal Employee Program (FEP).



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 - Access to State of the Art Systems and Technology
 - **Comprehensive and Innovative Products and Services**
 - Access to Industry Leading Capabilities and Resources
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Comprehensive and Innovative Products and Services

Summary

BCBSD will be able to offer its customers an extensive portfolio of innovative products and services.

- Comprehensive product portfolio designed to meet the unique needs of different customer segments.
 - Large and small employers
 - Individuals
 - Seniors
 - National Accounts
 - Medical Assistance
- Opportunity to grow revenues and customer retention by leveraging Highmark's integrated offering of ancillary products and services.
- Recent system investments to enable innovative new product offerings.
- Better positioned to respond to rapidly changing industry needs.
- Faster time to market with new differentiating products.

Comprehensive and Innovative products and services

Portfolio of Products

Highmark, in conjunction with its subsidiary companies and affiliates, offers a full array of health insurance and related products and services required by its customers: employers, individuals, government and health plans.

Medical Products

- o PPO
- o EPO
- o Indemnity
- o Retiree
- o HDHP
- o Spending Accounts: HSA, HRA, FSA
- o Prescription Drug

Administrative Services

- o Claims Processing
- o Member Services
- o Enrollment
- o Billing
- o Pharmacy Management
- o Reporting/Data Management
- o Productivity/ Absence Management
- o Care Management
- o Health Promotion
- o Worksite Wellness

Government Programs

- o Medicare Advantage HMO and PPO
- o Medicare Part D
- o Individual Medigap
- o Group Medicare Complement
- o Medicaid (via Gateway Health Plan)
- o adultBasic, CHIP
- o Caring Program
- o SpecialCare (Traditional BC/BS)

Ancillary Products

- o Vision
- o Dental
- o Productivity Management
- o COBRA Administration
- o Employer Stop Loss
- o Worksite Voluntary Plans
- o Limited Medical Benefit

Comprehensive and Innovative Products and Services

Product Strategy

Highmark's product strategy aims to transition our membership from traditional, wholesale products into products that engage and empower consumers in making healthcare decisions.

BlueAccount Products

Engaging consumers through financial incentives

Lifestyle Products

Engaging consumers by rewarding behavior

Supporting Tools

Providing the tools and information for consumers to make choices

Wholesale Product Platform

Ongoing support of product infrastructure (benefits, capabilities)

Comprehensive and Innovative Products and Services

Consumerism Capabilities

To facilitate this transition, Highmark has made significant investments in consumerism and retail marketing capabilities.

	Definition	Capability
Segmentation & Insight	<ul style="list-style-type: none"> The ability to increase the relevance of Highmark's product, brand, and consumer experience to target consumers through segmentation and consumer insight. It also helps the ability to then deliver personalized, consistent, and continuous consumer channel experiences. 	<ul style="list-style-type: none"> Segmentation Web Analytics Other channel feedback/analytics (stores, customer service, etc.) Single member record
Product Design & Development	<ul style="list-style-type: none"> The ability to attract and retain target segments by bringing new products, services, and programs to market. 	<ul style="list-style-type: none"> New "Blue" Individual products Integrated products Non-health insurance related products Retail (consumer) loyalty/rewards program
Retail Marketing & Sales	<ul style="list-style-type: none"> Group Wholesale & Retail Marketing - The ability to develop tailored group purchaser product recommendations and marketing campaigns based on group and consumer (employee) segmentation insight. Retail Sales and Distribution - The ability to extend Highmark's reach to target segments through new and enhanced distribution channels. Campaign Management - The ability to develop, execute, and analyze in-bound and out-bound consumer marketing campaigns based on consumer insight; additionally, to deliver a consistent consumer experience and to increase marketing effectiveness and efficiency. 	<ul style="list-style-type: none"> Group ID and marketing data repository Group Campaigns integrated with SFA and eventually the portal Store/Mobile Unit Expansion Channel Strategy and Execution Online Enrollment, Service, Billing and Activation Inbound and outbound campaigns, feedback to database and reporting Marketing operational model to execute campaign throughout all companies Content management system

Comprehensive and Innovative Products and Services

Innovation

As costs increase, new technologies shift paradigms, and regulation upends the market; innovation emerges as the key value driver in the new environment.

	Product Enhancements	Health Delivery	Reform
<u>Description</u>	<ul style="list-style-type: none">Identify new product and benefit designs that are attractive to the market or that incentivize optimal physician and member behaviors to drive quality and reduce costs.	<ul style="list-style-type: none">Tap into new modes of care delivery that emphasize efficiency by delivering the right type/level of care for any situation.	<ul style="list-style-type: none">Understand the impact that reform will have on the market; abandon ideas that won't survive; develop ideas that fill new niches.
<u>Examples of opportunity spaces within Highmark</u>	<ul style="list-style-type: none">Dynamic Benefits that drive good health behaviors can reduce health care costs and allow significant price differentiation.	<ul style="list-style-type: none">Alternative delivery models such as Worksite Clinics, Telemedicine, and Medical Home can provide more efficient care and can leverage technology to increase effectiveness.	<ul style="list-style-type: none">Reform may create opportunities by mandating technological adoption, or creating co-ops that will require processing services such as Highmark Medicare Services processes for CMS.

Highmark has a dedicated team focused on Innovation strategy and development.

Comprehensive and Innovative Products and Services

Innovative New Products

Highmark continues to work on future product and benefit designs that are market leading and that incentivize optimal provider/member behaviors to drive quality and reduce costs.

	Capability	Product Opportunities
Dynamic Benefits	Dynamic Benefits plans are clinically-focused on integrating health plan benefits with disease management resources which react to changes in members' health status or engagement. Members are rewarded when they actively manage their chronic conditions or high risk behavior throughout the benefit year.	<ul style="list-style-type: none"> ■ Eliminate barriers to care and increase compliance with standards of care ■ Provide customized cost-sharing to individual participants based on their compliance ■ Drive greater satisfaction with benefit designs ■ Incentivize participants through benefit designs to follow healthy behaviors
Member-Level Benefits	Member level benefits will enable family members to enroll in product designs based on individual choice. This means that the subscriber and his/her dependents may have different benefit designs based on plan selection.	<ul style="list-style-type: none"> ■ Innovative way of offering a variety of products to our mid and large groups to attract new and retain existing customers with increased product choices and flexibility ■ Leverage capabilities developed by legacy modernization to offer small group employers unique solutions for dependent coverage ■ Support Consumerism and member engagement strategies offering plan choices that can be made based on individual needs vs. coverage needs of all family members
Mass Customization	Mass Customization will offer clients and members the ability to customize benefits/cost-sharing options.	<ul style="list-style-type: none"> ■ Create modular benefits to facilitate product, benefit and service standardization, as well as process streamlining ■ Create web-based client and member facing benefit selection tools that will enable consumers to customize benefit designs and increase knowledge about the cost of healthcare ■ Generate value by leveraging efficiencies gained by Highmark's benefit modernization project

REDACTED

Comprehensive and Innovative Products and Services

Ancillary Products – Vision

HVHC Inc. is a leading integrated vision care solutions provider, with a managed care, frame design & distribution, and retail subsidiaries.

- HVHC Inc. provides vision care solutions through its Davis Vision, Inc. (managed care), Viva International Group (frame design & distribution) and Eye Care Centers of America (retail) subsidiaries.
- HVHC, with revenues over \$1.2 billion, is one the largest vision care companies in the world.
- Davis Vision, the 3rd largest managed vision care company, provides comprehensive coverage to more than 50 million individuals nationwide, including 17 million funded members and an additional 33 million “discount” members.
- HVHC’s optical retail segment is the 3rd largest in the nation and operates over 500 retail stores in 39 states.
- Viva is a worldwide leader in optical and sunglass design and distribution, with exclusive licensing rights of leading brands such as Guess, Harley-Davidson and Gant.

Relationship with BCBSD

- Davis Vision has a current relationship with BCBSD covering 6,500 vision lives.
- Activities are occurring to increase auto quoting of Vision with Health quotes.
- Education of the BCBSD sales force, development of sales incentive plans and completion of improved marketing materials are all in process and expected to increase the Vision penetration rate with the BCBSD customers.

Comprehensive and Innovative Products and Services
Ancillary Products – Vision Clients & Brands

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Comprehensive and Innovative Products and Services

Ancillary Products – Dental

United Concordia Dental (“UCD”) is one of the nation’s largest dental insurance companies.

- UCD serves more than 7.9 million members and has over \$1.5 billion of revenues.
- UCD is currently performing under a 5-year TriCare Dental Program (Department of Defense) contract, serving more than 1.8 million worldwide members.
- UCD has one of the nation’s largest dental networks with more than 68,000 dentists at over 100,500 practicing locations offering an average 26% discount nationally – all dentists are contracted directly with UCD.
- Private label opportunities are available to provide BCBS of Delaware with a Blue-branded Dental product for customers while utilizing UCD economies of scale for a lower priced Dental product.
- UCD has worked collaboratively with several Blue plans to generate deep Dental penetration within the Blues medical membership.
 - Independence Blue Cross
 - Blue Cross of Northeastern PA
 - Blue Cross Blue Shield of Arkansas (1998-2007)

REDACTED

Comprehensive and Innovative Products and Services

Ancillary Products – HM Insurance Group

HM Insurance Group (“HMIG”) offers a product portfolio of health-risk solutions to employers and employees.

- HMIG is a leading national Stop Loss carrier, with the experience and risk management expertise to underwrite and service a wide range of health risk exposures of employers and their employees. This year HMIG will generate more than \$400 million in Stop Loss revenues.
- The HMIG Stop Loss product provides self-funded employers with seamless service spanning from reduced documentation Stop Loss underwriting through electronic claim submission processes.
- As a subsidiary of Highmark BCBS, HMIG is able to create products and services to complement the unique business needs of Blue organizations and their customers. HM Insurance Group has relationships with more than 30 Blue related companies.
- The HMIG product portfolio includes an array of products that assist employers in addressing gaps in their risk profile (Stop Loss, Workers Compensation) or the risks experienced by employees (Limited Medical Benefit and Worksite products).
- HMIG markets exclusively through producer relationships, treating producers’ and policyholders’ business with urgency and consistency, providing direct access to decision makers and senior executives.

Relationship with BCBSD

- HMIG has \$2.5 million of annualized Stop Loss premiums with BCBSD today.
- Previously provided reinsurance protection to defined segments.
- Currently HMIG writes Stop Loss policies directly to BCBSD customers in cooperation with the BCBSD sales force.
- Opportunities exist to expand these approaches as needed by BCBSD.
- BCBSD’s migration to Highmark’s platform would enable Highmark to further improve/streamline the administration (joint billing etc.) of Stop Loss for the BCBSD self-funded customers.

REDACTED

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Access to Industry Leading Capabilities and Resources

Summary

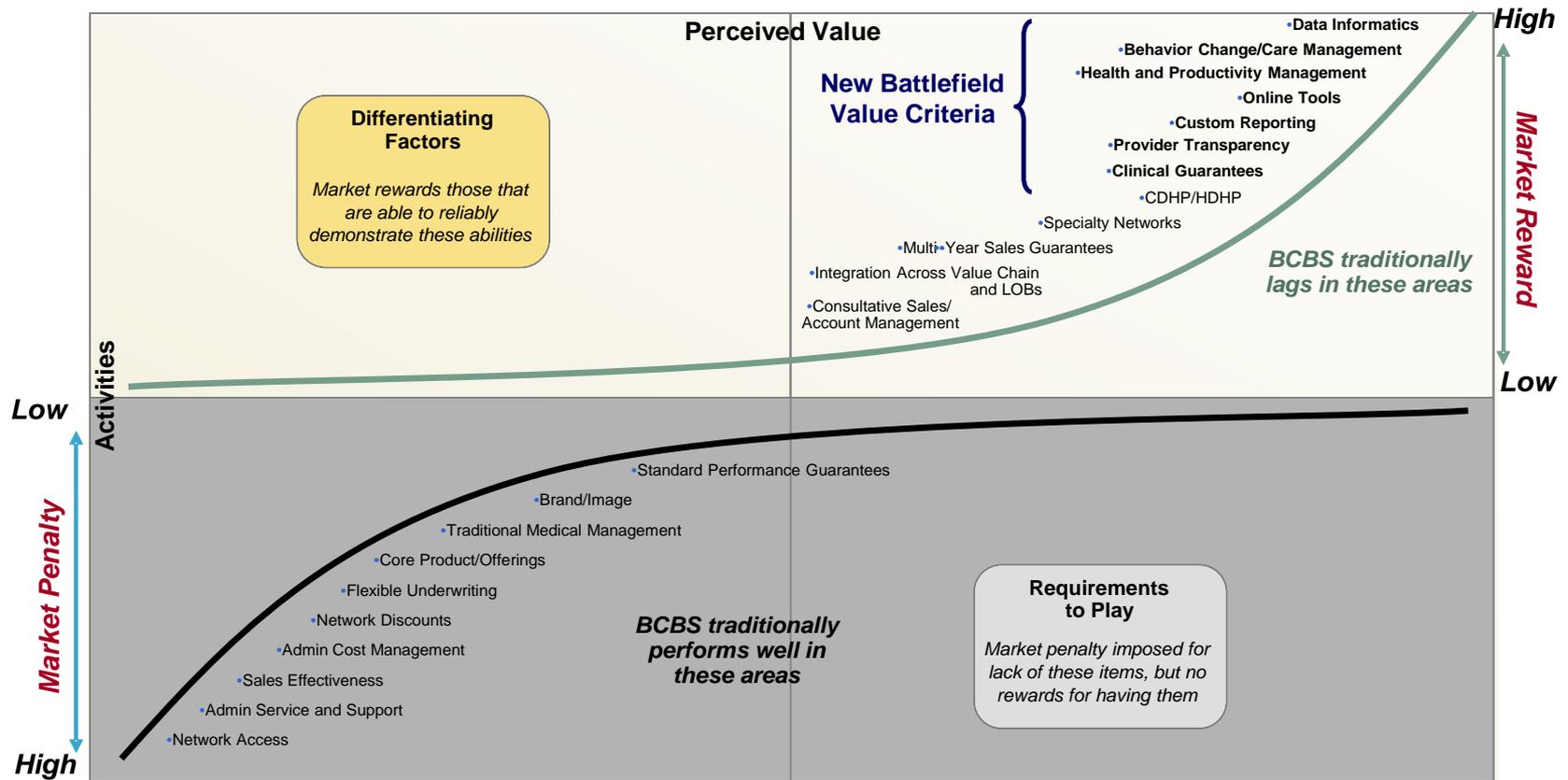
Highmark has a wide array of capabilities and resources that will enable BCBSD to differentiate itself in its market place.

- Rapidly changing industry requires significant investment in a variety of capabilities to ensure competitiveness.
- BCBDS will be able to leverage Highmark's infrastructure and functional resources to offer additional value to its customers.
 - National Account
 - Senior Products
 - Medical and health management
 - Informatics
- Access to recent investment in tools and capabilities to address current and future market needs.
 - Consumerism / Direct Marketing
 - Retail stores and mobile marketing
 - Portal capabilities
 - Other resources

Access to Industry Leading Capabilities and Resources

Source of Differentiation

While price, network, service, and brand are still important, increasing attention is given to new “battlefield value” criteria (e.g., data informatics, behavior change, productivity management, etc.) as a source of differentiation.



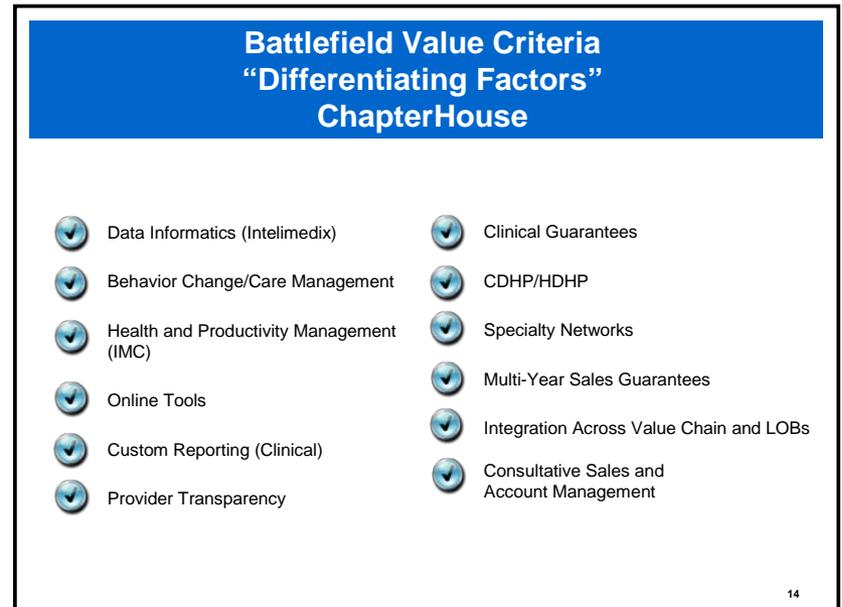
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Access to Industry Leading Capabilities and Resources

National Account Capabilities

The National Account market has expressed its confidence in Highmark.

- Highmark services a large and diverse national account (1000+ employees) portfolio that has grown significantly.
- Sold over 95% of the available National Accounts headquartered in Western PA, and over 70% in Central PA.
- Customer retention has been at 98%+ since 2004 in our local markets.
- Performance measured by the monthly BCBSA Inter-Plan Index has been excellent. Consistently ranked #1 or #2 in our peer group for the past 3 years.



- Outstanding audit results have been achieved, contributing to Highmark's credibility with major consulting firms.
- National Account Plan Partner growth leverages Highmark's investments and commitment to being competitive, while providing partners with access to value driving capabilities and services.

Access to Industry Leading Capabilities and Resources

National Account Plan Partnerships

Highmark makes national account capabilities available to other Blue Plans so they can compete for national business in their service areas.



Since '01



Since '03



Since '04



Since '07



Since '09

Greg P. Hanley, CPA – Director, National & Self Insured Accounts – BCBS Louisiana

“We were not significantly in the National Account market prior to partnering with Highmark. Since beginning the partnership in 2003 we have won more than 80% of the National Accounts in our market.”

National Account Plan Partner Business: 240,000 members

REDACTED

Access to Industry Leading Capabilities and Resources

Senior Market Capabilities

Today, Highmark is Pennsylvania's largest provider of private health insurance to Medicare beneficiaries, insuring over 400,000 seniors through a variety of individual and group products

- Highmark has provided retiree benefits for over 70 years



- Core Business
 - 2008 Senior Product Revenues: \$3.3 Billion
 - Security Blue MA HMO: 169K Members
 - Freedom Blue MA PPO: 95K Members
 - MA PFFS: 21K
 - Stand Alone PDP: 73K Members
 - Medigap: 87K Members
- Senior Markets Blue-Plan Partnerships
 - Risk Sharing
 - BC of Northeastern PA
 - Mountain State BCBS
 - Business Process Outsourcing
 - BCBS of Louisiana (PDP)

Access to Industry Leading Capabilities and Resources

Senior Market Capabilities

BCBSD will be able to leverage Highmark's dedicated Senior Market's team to grow its senior business.

- Highmark Senior Markets is focused solely on Medicare Advantage, Medicare Indemnity and Medicare Prescription Drug Products.
 - Product Development & Finance
 - Marketing & Sales
 - Eligibility & Enrollment
 - Member & Provider Service
 - Appeals & Grievances
 - Revenue Management
 - Claims Processing

- In addition, Highmark has a dedicated Medicare Risk Healthcare Management Team, Pharmacy Management Team and a dedicated Medicare C & D Compliance Team.

Access to Industry Leading Capabilities and Resources

Senior Market Capabilities

Highmark Senior Market's team brings a comprehensive set of capabilities to its Blue plan partners.

- Dedicated Medicare staff and infrastructure; organizational focus.
- Member retention programs.
- Revenue reconciliation/recovery.
- Individual and group sales and operational strategies.
- Required investment in technologies.
- Scalable, flexible systems, e.g., web-based platforms.
- Robust regulatory compliance programs.
- Strong relationship with CMS.

Access to Industry Leading Capabilities and Resources

Medical & Health Management

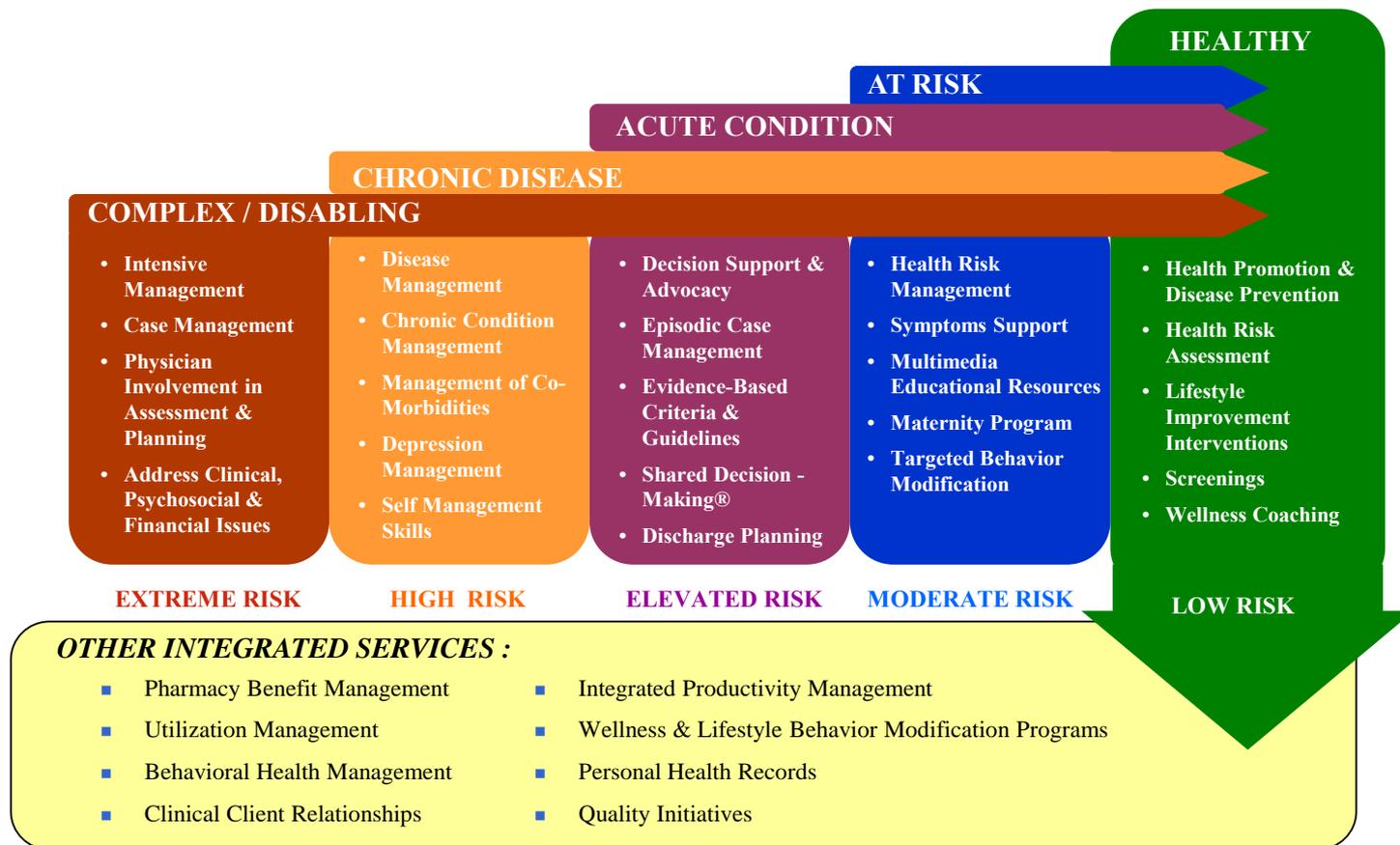
Highmark offers integrated care management, which is designed to deliver comprehensive health management services that promote better health and optimize health care investment.

- Comprehensive population management
 - Covers all levels of financial and clinical risk within a population.
 - Preventing illness, lowering risk and slowing disease progression will improve health outcomes and control costs.
- Integrated approach
 - Provides interventions across an entire spectrum of health risk.
- Complete Package of Programs
 - Combines health management, pharmacy benefit and productivity management programs.
 - Identifies and stratifies individuals that may benefit from specific interventions.
- Services include:
 - A full range of wellness programs
 - Discounted access to national network of complementary and alternative health providers
 - 24x7 telephonic coaching for chronic diseases and targeted conditions
 - Decision support tools
 - Large case management services
 - Dedicated medical director consultative services
 - Reporting and clinician data analysis

Access to Industry Leading Capabilities and Resources

Medical & Health Management

Highmark's Medical & Health management capabilities will enable BCBSD to address the needs of its members across the continuum of health and illness.



Access to Industry Leading Capabilities and Resources

Medical & Health Management

Highmark's integrated clinical delivery solution is a comprehensive consumer driven program focused on risk management.

- **Key Differentiators include:**
 - Best in class medical policy/quality programs
 - Industry accreditation & recognition
 - Automated clinical business rules
 - Experienced partnerships
 - ROI performance measures
 - Instant clinician access
 - Superior clinical program reporting
 - Clinical data analysis support
- **Clinician Directed Support**
 - 14 FTE Physician Advisors
 - 343 Direct Service Clinical Professionals – RN's, MSW's, and Wellness Coaches
 - 28 Health Promotion Consultants
 - 12 Clinical Pharmacists

Industry Accreditation & Recognition

- *Best Population Health Management Strategy* (HealthMedia)
- *Gold Award for Employee Wellness* (Wellness Councils of America)
- *Platinum Award* (American Heart Association)
- Published article in the *Journal of Occupational and Environmental Medicine*

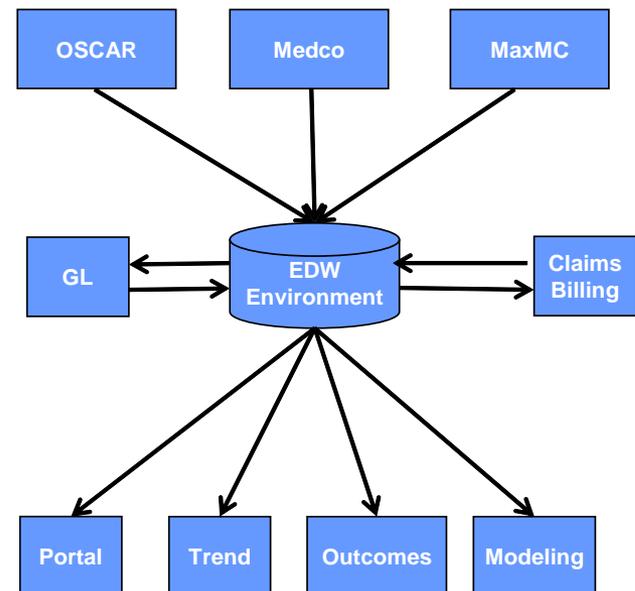
Access to Industry Leading Capabilities and Resources

Enterprise Informatics Capabilities – Data Management

Highmark's reporting and analytic capabilities are built upon an Enterprise Data Warehouse (EDW) foundation that offers unique functionality in support of the overall Corporation:

- Positioned as 'single version of the truth' in supporting both traditional historical analytical needs as well as operational systems.
- Directly integrated into Financial process- financial reporting, billing and pricing.
- Includes broad array of data- such as medical and dental experience, medical and clinical management and wellness, member risk and segmentation, client and product, member demographics, call center and revenue.
- Simplified architecture with focus on internal controls and balancing.
- Supports multiple stages of claim lifecycle- submission, adjudication, disbursement, and financial use.
- Fresh and timely data through daily loads according to frequency of source.
- Directly aligned with core operating platform- from direct source load to internal coding schemes.

Highmark Approach



Access to Industry Leading Capabilities and Resources

Enterprise Informatics Capabilities – Reporting & Analytics

Highmark offers a broad array of reporting and analytic capability that will enable BCBSD to deliver business value.

- Self-service utilization standard reporting through Reports@Hand for internal/ external customers.
- Clinical member intervention driven by robust risk scoring and ID & Stratification for entire membership based on active timely data.
- Enabling of comprehensive financial and clinical trend reporting and projections for Actuarial and other areas for use in forecasting, claim reserving, pricing and medical cost management.
- Consumer segmentation, based on broad data sets, modeling and scoring, to enable specific intervention and campaigns to drive differentiated personalized consumer experience.
- Developing master data management for unique ‘person’ ID to drive consumerism and integrated cross-selling.
- Integrated health and wellness client reporting evolving in support of integrated health, wellness and productivity offerings.
- Advanced analytic and predictive models that support research and studies on ROI for wellness and medical management.



BluePrint®

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Access to Industry Leading Capabilities and Resources

Retail Marketing

Highmark's recent investments in consumer-directed marketing capabilities can be leveraged to benefit BCBSD's individual market.

- Two Highmark Direct retail locations launched (Pittsburgh and Harrisburg) in 2009 to enable a better understanding of consumers and retail engagement, and to begin to evolve a new channel of distribution.
 - Combined Store Performance YTD (March – August)
 - 1,500 policies sold (Individual, Senior Products and Small Group) vs. target of 750 policies
 - 10,000+ unique visitors
 - New Store Development Plans
 - Evaluating 1-4 additional sites for build out of stores locations in 2010
- Two Highmark Direct mobile marketing units launched in January 2009 to provide accounts additional space and technology to host efficient meetings and generate more consumer (employee) engagement.
 - Mobile Marketing Metrics (Jan-Aug 2009)
 - Over 140 employee events conducted
 - 6,600+ Wellness profiles (Health Risk Assessments) completed
 - 2,200+ Lifestyle Returns pledges completed
 - 860+ conversions to e-Delivery



Access to Industry Leading Capabilities and Resources

Portal Capabilities

Highmark has portal capabilities that BCBSD would be able to leverage to provide as tools for BCBSD's members, employers, providers and producers.

- BCBSD's members would have access to Highmark's member portals – My Blue Link and Blues On Call.
 - My Blue Link – web-based resource center
 - Blues On Call – “health coach” via registered nurse provides information about specific health-related topics
- BCBSD's employer groups will have access to Highmark's employer portal – Highmark Online.
 - View membership and group information
 - Update eligibility
 - View their claims bill online
 - E-mail customer service
 - Leverage online reporting functionality to track employee FSA and HRA
- BCBSD's providers will have access to Highmark's provider portal – NaviNet.
 - NaviNet enables providers to:
 - Obtain information regarding fee schedules
 - Check member eligibility or claim status
 - Submit changes resulting in direct updates into the appropriate system
- BCBSD's brokers and agents will have access to Highmark's producer portal.
 - Use the Small Group quoting tool for prospective Small Group business
 - Obtain online quotes and applications for individual products
 - Leverage online commission statements and agency related reporting



Access to Industry Leading Capabilities and Resources

Highmark has a variety of other resources and capabilities that would be available to BCBSD.

- Proven relationships with brokers and consultants
- Sales and marketing tools and resources
- Actuarial and pricing expertise
- Strong, cost-effective network development and management
- Direct marketing experience
- Strong provider relations/contracting
- Progressive medical and health management tool and techniques
- Enterprise risk management processes
- Treasury / Investment management

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Maximum Value to Stakeholders

Customers

An affiliation with Highmark will benefit BCBSD's customers in several areas.

- Improved operating performance and efficiencies
 - Integrated platform
 - Purchasing synergies from added scale (i.e. PBM, care management)
- Industry-leading capabilities
 - Enhanced employer reporting, benchmarking, analytics, etc.
 - Consumerism tools (member segmentation, real-time, etc.)
 - Medical management capabilities and wellness programs
 - Portal capabilities
- New product offerings in Delaware market
- Comprehensive portfolio of products under one umbrella
- Continued local presence preserves customer intimacy

Examples of Highmark's Commitment to Its Customers

- Highmark is ranked in the top two for Employer Performance Score (EPS) in each market and the number of committed and loyal customers is consistently higher than the competition
- Highmark has consistently outperformed the competition in member satisfaction surveys as measured by Loyalty Performance Score (LPS)
- Ranked first in Customer Satisfaction for Pennsylvania/ Delaware region in JD Powers Survey for previous two years
- Highmark is working with a leading worksite clinic provider to offer an integrated worksite clinic solution to its large group customer base

Maximum Value to Stakeholders

Customers

Highmark was awarded the J.D. Power and Associates National Health Insurance Plan for the Pennsylvania-Delaware region in 2008 and 2009, a study ranking health insurance plans by member satisfaction.

Company	Ratings Categories			
	Overall Experience	Coverage and Benefits	Choice of Doctors, Hospitals and Pharmacies	Information and Communication
Highmark Blue Cross Blue Shield Award Recipient	★★★★★	★★★★★	★★★★★	★★★★★
AETHA Health Inc. (Pennsylvania)	★★★☆☆	★★★☆☆	★★★☆☆	★★★☆☆
Blue Cross Blue Shield of Delaware	★★★☆☆	★★★☆☆	★★★☆☆	★★★☆☆
Blue Cross of Northeastern Pennsylvania	★★★☆☆	★★★☆☆	★★★☆☆	★★★☆☆
Capital Blue Cross	★★★☆☆	★★★☆☆	★★★☆☆	★★★☆☆
HealthAmerica of Pennsylvania, Inc./HealthAssurance Pennsylvania, Inc.	★★★☆☆	★★★☆☆	★★★☆☆	★★★☆☆
Highmark Blue Shield	★★★☆☆	★★★☆☆	★★★★★	★★★★★
Independence Blue Cross	★★★☆☆	★★★☆☆	★★★★★	★★★★★

Scoring Legend

Among the best ★★★★★ Better than most ★★★☆☆ About average ★★☆☆☆ The rest ★☆☆☆☆

Maximum Value to Stakeholders

Employees

Employees of BCBSD will benefit in several important areas.

- Commitment to Delaware
 - Commitment to maintaining a strong presence in DE
 - Preserve mission and history of BCBSD
- Financial stability
 - Affiliation with a large, diversified family of companies within Highmark provides greater financial security
- Strong cultural fit between organizations
 - History, mission driven, focus on ethics and integrity
- Career opportunities
 - Potential additional employment growth opportunities (e.g. DE business growth, Highmark enterprise positions, new business ventures)
- Competitive compensation and benefits
- Access to resources and tools

Examples of Highmark's Commitment to Its Employees

- One of the 100 Best Places to Work in Pennsylvania (*Central Penn Business Journal*)
- Commitment to Best Place to Work program
- Employee Volunteer Grant Program
- Certified Age-Friendly Employer (*Retirementjobs.com*)

Maximum Value to Stakeholders

Community

As a similar mission driven organization, Highmark is committed to supporting the communities in which it does business and will assist BCBSD in its continued support of the health and well-being of the Delaware community.

- Continued support from mission-driven health insurer
 - BCBSD remains committed to serving the needs of the DE community
- Economic impact
 - Affiliation structure preserves local jobs and significant economic impact
- Preserves valuable community asset
 - Continued support of local community activities and commitments
- Leverage experience
 - Potential synergies from sharing information between entities regarding areas of need, program development and program outcomes
- Benefits to Delaware providers
 - Leverage Highmark's experience with advanced provider portal
 - Real-time claim estimation and adjudication
 - Pay For Performance Initiatives

Examples of Highmark's Commitment to Its Community

- \$2.5B annual local economic impact
- \$130 million for community programs in 2008
- \$100 million program over five years for the health and well-being of children
- \$29 million initiative for physician adoption of health information technology (ePrescribing & Electronic Health Records)
- Free dental and vision clinics for uninsured and underinsured individuals

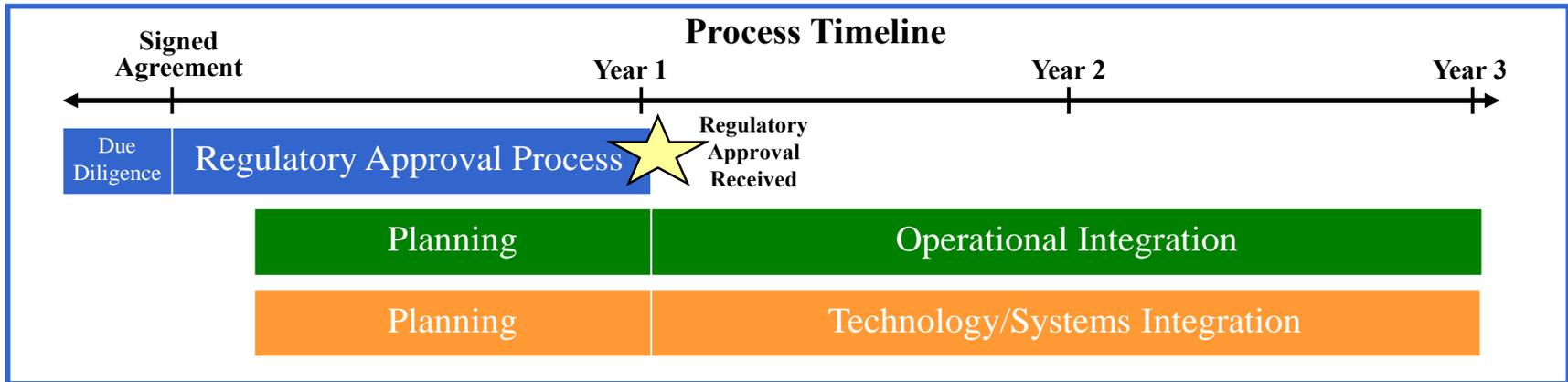
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Efficient Transition and Integration

Affiliation & Integration Timeline

Our proposal focuses on an achievable timeframe combined with achieving interim results throughout the process.

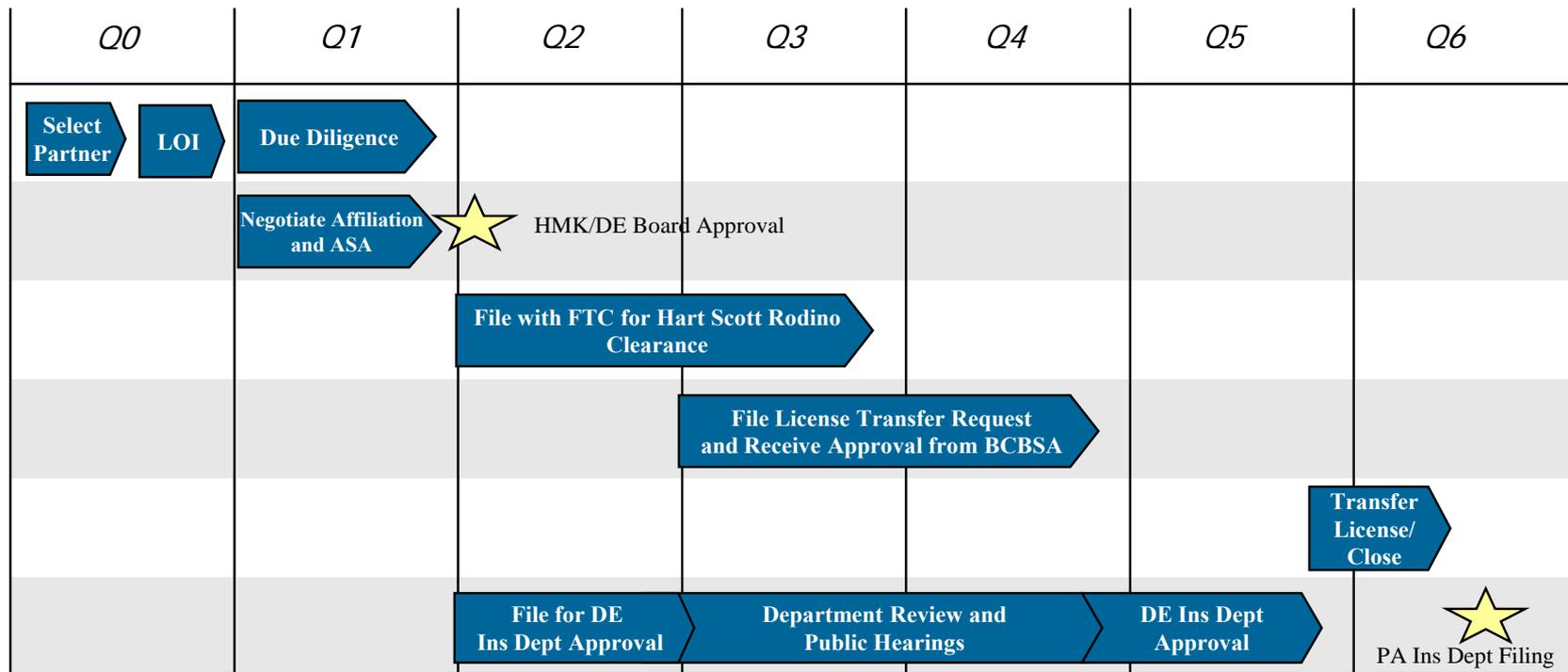


- Integration planning initiated before regulatory approval finalized in order to move aggressively once approval is received.
- Operational and technology integration will occur simultaneously and in stages to achieve benefits during the integration process. In addition, potential for achieving benefits through shared services agreements will be assessed.
- Operational integration process will leverage our experience with MSBCBS, IBC and NEPA.
- Technology/systems integration will utilize our proven methodology developed and improved through platform migrations with multiple Blue plans.
- Potential to offer certain high priority capabilities on a contractual basis during waiting period – to ensure market needs are addressed in a timely manner (National Accounts, Senior Products, etc.).

Efficient Transition and Integration

Legal and Regulatory Approval Process

Based on Highmark experience with the MSBCBS transaction (and BCBSD experience with similar affiliations), we believe the overall regulatory/legal timeframe will be in the range of 12-18 months.



While we will work closely with both state insurance departments during this process, our research to date suggests PA Insurance Department approval will not be required for this transaction as it currently is contemplated.

Efficient Transition and Integration

Strategy for Success

Highmark will be able to leverage its extensive experience with similar organizational transitions and system migrations to implement a timely and efficient solution for BCBSD.

- Regulatory Approval Strategy
 - Transparent process with frequent communications
 - Not-for-profit plans with non-overlapping geographies
 - Affiliation structure benefits
 - Focus on external factors (reform, industry demands)
 - Anticipated objections –we do not anticipate encountering the same level of regulatory and community objections that a for-profit plan may face
- Leverage Prior Experiences
 - Mountain State Affiliation
 - NEPA Joint Venture
 - Consolidation of Blue Cross of Western Pennsylvania and Pennsylvania Blue Shield
 - Plan Partnerships
 - Recent ASP/BPO Proposals
 - IBC Consolidation Planning
- Resources Available
 - Project management tools, process flows, templates
 - Change management/implementation best practices
 - Communication plans (regulators, customers, community, employees, providers)
 - Outside consultants and advisors (as needed)

Presentation Contents

- Executive Summary
- Highmark Overview
- Recommended Solution for BCBSD
- Benefits of Highmark Affiliation for BCBSD
 - Access to State of the Art Systems and Technology
 - Comprehensive and Innovative Products and Services
 - Access to Industry Leading Capabilities and Resources
 - Maximum Value to Stakeholders
 - Efficient Transition and Integration
- Next Steps/Closing
- Appendix

Next Steps

We are committed to working expeditiously with BCBSD towards finalizing a definitive affiliation agreement.

- There are no immediate issues or concerns that need to be addressed in order to move to the next stage of discussions.
- During a 90-day exclusive period, Highmark and BCBSD will work on performing appropriate due diligence and drafting required legal agreements concurrently.
- Expect standard conditions/contingencies for a transaction of this type.
- Highmark has considerable executive depth, experience and capacity to meet all the needs of completing this transaction.
- Key steps include:
 - Sign non-binding letter of intent
 - Due diligence
 - Demos available of key Highmark capabilities
 - Draft affiliation agreement
 - Regulatory process preparation
 - Communication plan development
 - Administrative services agreement

Due Diligence

Sample Areas of Review

- Corporate, Organization, Authority, etc. (e.g., by-laws, corporate minutes, management agreements)
- Finance and Taxes (e.g., audited financials, tax returns)
- Property, Assets, etc.
- Contracts
- Human Resources (e.g., retirement liabilities, payroll, outstanding complaints)
- Regulatory Filings and Reports
- Litigation and Claims
- Business Operations (e.g., Marketing, Information Systems, Network, Operations, Membership)

Closing

Partnering for a Better Future

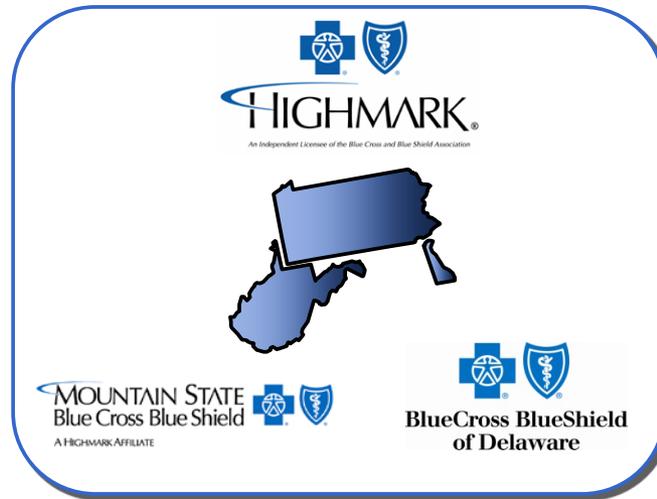
An affiliation with Highmark addresses all of BCBSD's stated objectives and best positions all parties for continued long-term success.

Customer Focused

*Strong Local
Market Presence*

Efficient Operations

*Industry-Leading
Capabilities*

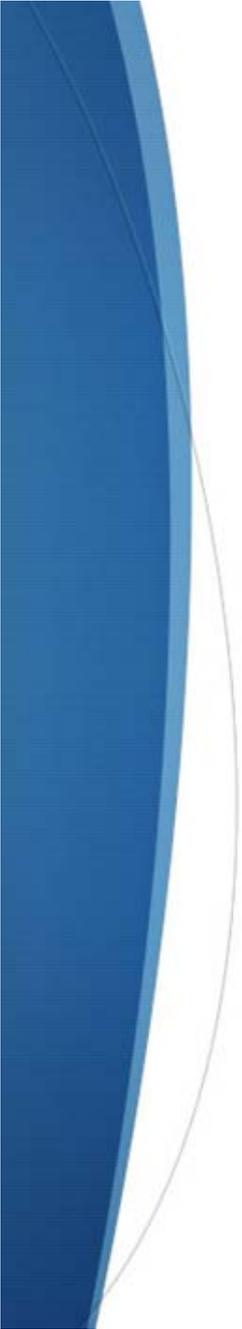


Committed to Employees

*Comprehensive and
Innovative Products*

Community Partner

*State of the Art
Technology and Systems*



Appendix

Appendix Contents

- Request for Information Response Bridge
- Highmark Overview
 - Mission/vision/values
 - Culture
 - Legal / Organization structure
 - Keys to success/metrics
 - Relationships with state governments and regulators
- Technology and Systems
- Financial Position
 - Capital Position
 - Access to capital
 - Community investments
- Management and Employees
 - Decision making
 - Growth and development opportunities
 - Performance management
 - Management biographies

Request to Information Response Bridge

Organization and Operations

RFI Section/Question	Slide Reference
Articulate your mission, vision and business strategy	17 – 18, 99
How does BCBSD fit into that vision and strategy?	17 – 18, 22, 30 – 32
How would BCBSD contribute to your success?	2, 30 – 32, 105
Describe how you are organized and structured	10 – 12, 16, 101 – 104
Summarize your operations, philosophy and culture	9 – 16, 25, 30, 32, 81 – 84, 99 – 100
What are your key metrics for success?	105
To what extent are the key functions centralized or decentralized?	11 – 12, 16, 32
What level of decision-making authority is invested in managers? How are they held accountable?	122
What are the opportunities for growth and development of your employees?	123
How are employees evaluated and rewarded?	124
Delineate the scope of health insurance and related products and services you offer, and the range of customers and geographic areas you serve	10, 40, 49 – 61
Describe the technology, systems and skills you have to support your products and services and design new ones, and your capacity to support growth and expansion	38 – 47, 63 – 79, 107 – 118
Outline/explain your relationship with state governments and regulators where you operate	106
What is the status and potential implication of any current regulatory initiatives?	106

Request to Information Response Bridge

Financial Position

RFI Section/Question	Slide Reference
Summarize your key membership, income, operating cost and profitability trends, and your capital position	13 – 15, 119
Do you have, or have access to, the capital necessary to meet your immediate and expected long term investment requirements, including any investments associated with the proposed business combination with BCBSD?	36, 119 – 120
What are the levels and types of philanthropic, social or community investments you make and how would Delaware fit into your overall strategy?	84, 121

Request to Information Response Bridge

Business Proposition

RFI Section/Question	Slide Reference
Detail your proposed business relationship model with BCBSD	20 – 36
What is the legal structure and governance process?	23 – 24
Which functions would remain in Delaware and which would be performed elsewhere?	25 – 32
To what extent and how will existing relationships with employees, customers, providers and the community be maintained?	25, 32, 81 – 84
Define the transition, customer migration and integration you anticipate	25 – 26, 33, 35, 86
Describe the impact on our employees, their job functions and compensation	25, 83
To what extent might you utilize our existing systems and facilities?	34
What, if any, role would our existing Board of Directors play in this scenario?	24, 87
How would the Delaware operations relate to, and fit with, your other operations?	27 – 32
Summarize the rationale and benefits of this model to you, BCBSD, our customers, employees, providers and the people of Delaware	2, 22 – 23, 38 – 84, 91
What products or services do you have that would enhance our offerings in Delaware?	49 – 71
What marketing and distribution resources would you bring to this market?	51 – 54, 77 – 79
What is the competitive advantage or differentiation you would bring?	2 – 7

Request to Information Response Bridge *Implementation*

RFI Section/Question	Slide Reference
What legal and regulatory approvals would be required to consummate the contemplated transaction?	87
What is your strategy for obtaining those approvals?	88
What objections do you anticipate and how might they be overcome?	88
What is the timeframe required for these approvals?	87
Describe your experience integrating/acquiring/affiliating with other health plans	4 – 7, 88
What has been the impact on key stakeholders in other business combinations you have completed?	5 – 7
What lessons have been learned and how would they be applied to this situation?	5 – 7

Request to Information Response Bridge

Requirements and Expectations of BCBSD

RFI Section/Question	Slide Reference
Describe how you would want to proceed to a definitive agreement	90
What issues or concerns do you need to address prior to moving to a binding offer?	90
Do you have any conditions or contingencies (beyond traditional reps and warranties) that must be satisfied to execute the proposed business arrangement?	90
What resources would be available to resolve issues, build support, and structure an agreement?	88, 90
How quickly would you be able to develop a transition and implementation plan?	26, 33, 35
When would you expect to complete a definitive agreement?	87

Highmark Overview

Highmark's Mission, Vision & Values

Highmark remains committed to realizing the full potential of our not-for-profit mission and vision.

Mission

To provide access to affordable, quality health care, enabling individuals to live longer, healthier lives.

Vision

To be the leading regional customer-focused health and wellness company, addressing the health care needs of individuals while maintaining our financial strength.

Our Values

- United in our mission
- Dedicated to excellence
- Committed to integrity
- Focused on our customers, employees and communities

Highmark Overview

Culture

A recent cultural survey of Highmark employees highlights the values of our company.

Top 10 Personal Values *(in order)*

1. Accountability
2. Honesty
3. Family
4. Reliability
5. Commitment
6. Responsibility
7. Caring
8. Integrity
9. Adaptability
10. Respect

Top 10 Current Culture Values *(in order)*

1. Customer Satisfaction
2. Community Involvement
3. Accountability
4. Diversity
5. Teamwork
6. Commitment
7. Continuous improvement
8. Organizational growth
9. Employee health
10. Integrity

Highmark Overview

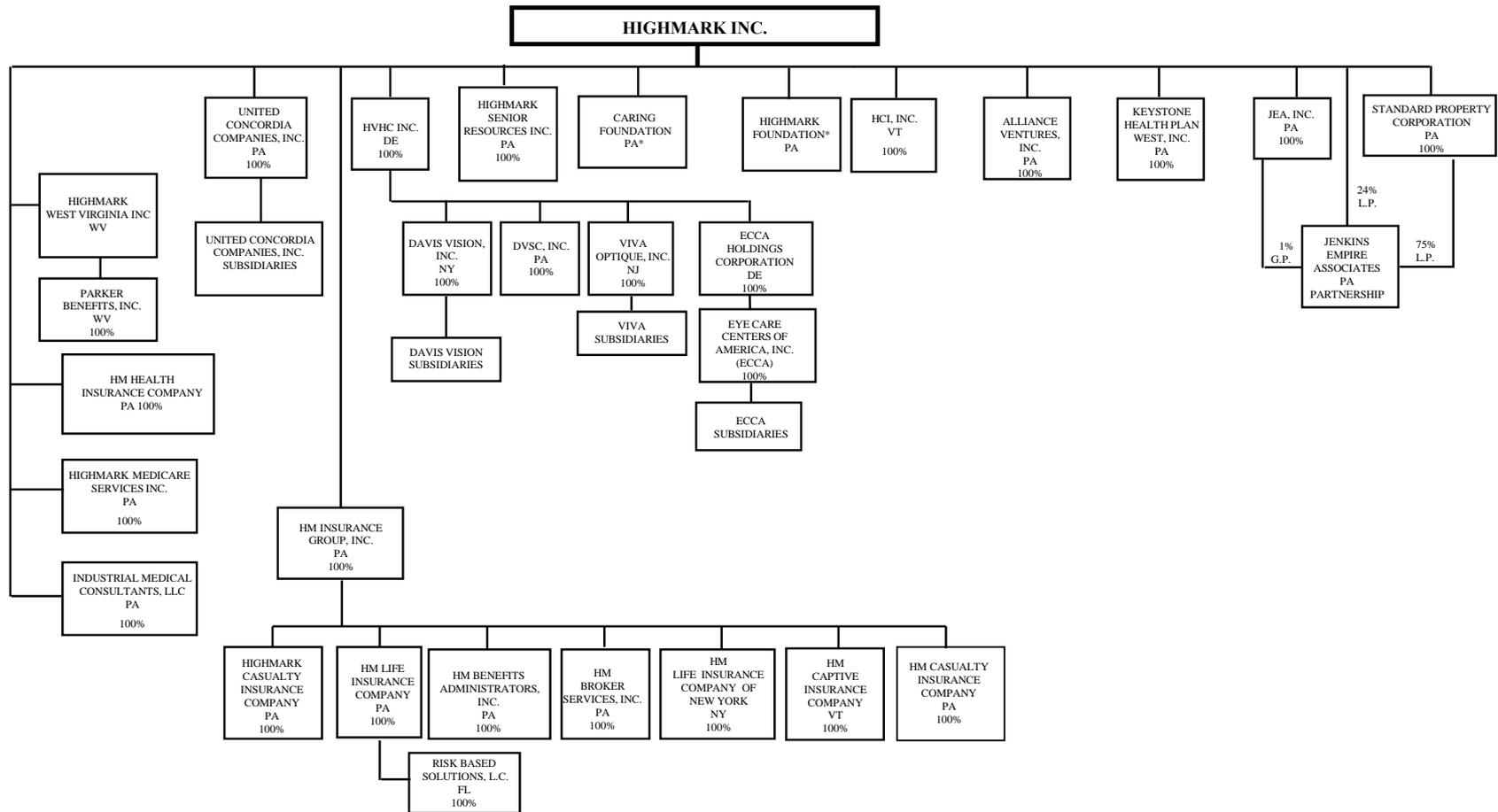
Highmark organization and structure

Legal Structure

- Highmark is a Pennsylvania non-stock nonprofit corporation, and operates in Pennsylvania as both a nonprofit hospital plan and a nonprofit professional health service plan. Highmark Inc. is the parent company of a combined group of companies and the primary operating company within the group. As an independent licensee of the Blue Cross Blue Shield Association (BCBSA), Highmark underwrites indemnity and managed care health insurance products, as well as Medicare supplemental products, in its Pennsylvania service areas. These service areas include the 29 county Western Pennsylvania region and the 21 county Central Pennsylvania region. Highmark also jointly markets various health insurance products in Northeastern Pennsylvania and Southeastern Pennsylvania through arrangements with Blue Cross of Northeastern Pennsylvania and Independence Blue Cross, respectively. Highmark operates in Western Pennsylvania as Highmark Blue Cross Blue Shield and in the remainder of the state as Highmark Blue Shield.
- Highmark West Virginia Inc., d/b/a Mountain State Blue Cross & Blue Shield, a West Virginia nonprofit health services corporation (Mountain State), is a controlled affiliate of Highmark, and offers a variety of health insurance products and services to customers in West Virginia.
- Highmark's non-Blue branded subsidiaries provide a broad array of specialty products nationwide, including Dental, Vision, Stop Loss insurance and related products and services.

Highmark Overview

Highmark organization and structure



Highmark Overview

Highmark organization and structure

Nature and Role of Board

- The business and affairs of Highmark are managed under the direction of the Board of Directors. The Board of Directors has full power and authority to set the policies and provide for carrying out the purposes of Highmark.
- Highmark's Board of Directors consists of twenty-one (21) persons, including the Chief Executive Officer (CEO), who is a member of the Board by virtue of his office. In order to be eligible to serve as a Director, an individual must be a resident of Pennsylvania. The Board of Directors is comprised of 75% "lay directors" (individuals who are not "health service doctors" as defined by applicable law) and 25% "professional directors" (individuals who are health service doctors). At least a majority of the directors must be "independent directors" (as defined by the NYSE rule).
- Highmark recently established Regional Advisory Boards for the western and central Pennsylvania regions. Each Regional Advisory Board consists of between 10 to 20 persons, appointed by the Board of Directors. Regional Advisory Boards advise the Board of Directors on regional issues and public policy. They have no power to direct the business or affairs of Highmark.

Highmark Overview

Highmark organization and structure

Highmark Board of Directors

J. Robert Baum (Chairman of the Board)

Professor of Entrepreneurship
University of Maryland, Robert H. Smith School of Business
Retired, President and Chief Executive Officer
Ivan C. Dutterer, Inc.

Cynthia G. Ayers, M.D.

Internal Medicine

David A. Blandino, M.D.

Family Medicine

R. Yvonne Campos

Chief Executive Officer
Campos Inc.

Thomas J. Castellano, M.D.

Gastroenterology

John S. Cramer, LFACHE

President Emeritus
Pinnacle Health Systems

John H. Damcott, D.M.D.

General Dentistry

Don P. Foster, Esq.

Partner
Klehr Harrison Harvey Branzburg & Ellers

Rufus A. Fulton, Jr.

Retired, Chairman and Chief Executive Officer
Fulton Financial Corporation

William M. George

President
Pennsylvania AFL-CIO

Joseph C. Guyaux

President
PNC Financial Services Group Inc.

Gretchen R. Haggerty, Esq.

Executive Vice President and Chief Financial Officer
U.S. Steel Corporation

Mark S. Kamlet, Ph.D.

Provost and Senior Vice President
Carnegie Mellon University

David M. Matter

President and Chief Executive Officer
Oxford Development Company

Glen T. Meakem

Managing Director
Meakem Becker Venture Capital, LLC

Kenneth R. Melani, M.D. (Ex-Officio Director)

President and Chief Executive Officer
Highmark Inc.

Victor A. Roque

Retired, President
Duquesne Light Company

Susan W. Shoval, CPCU

President and Chief Operating Officer
GUARD Insurance Group

William J. Stallkamp

Retired, Vice Chairman
Mellon Financial Corporation

William E. Trueheart, Ed.D.

Retired, President and Chief Executive Officer
The Pittsburgh Foundation

Doris Carson Williams

President and Chief Executive Officer
African American Chamber of Commerce of
Western Pennsylvania

Highmark Overview

Keys to Success

- Financial stability and growth
- Commitment to customer intimacy and consumer engagement
- Maximize enterprise value through seamless administration and sales across business lines
- Provider relationships
- Focus on risk pool and customer affordability
- Reduce number of uninsured and underinsured in core markets
- Position for success under government reform
- Bend the medical cost curve
- Maximize administrative efficiency
- Maximize value of ancillary businesses
- Grow Blue Plan partnerships

Example Performance Measures

- Employee Satisfaction
- Member, Group and Provider Satisfaction
- Community Volunteerism
- End to End Membership (including retention)
- PMPM Administrative Costs
- BCBSA Metrics
- Consolidated Pre-Tax Income
- Consolidated Revenue
- Key Corporate Initiative Status
- Operations Metrics (e.g., MTM, Inter-Plan Performance, Pass-Thru Rate, Claims Adjustment Rate, Cost per Claim)

Highmark Overview

Relationships with State Governments and Regulators

- Highmark and Mountain State maintain productive relationships with state legislators, regulators and other government officials. We recognize the significant impact these parties have on our businesses. Besides being heavily regulated in the health insurance market, our positions as strong market share leaders and large economic drivers in our communities put Highmark and Mountain State in prominent positions in the eyes of those in the state capitols.
 - Several Highmark Government Affairs staff are located in Harrisburg to work with Pennsylvania legislators, regulators and other government officials on a day-to-day basis. Also, Highmark has engaged several lobbying firms which represent our numerous issues throughout state government. Overall, our relationships in the state capitol are significant and provide Highmark with an opportunity to engage all parties on issues that affect our members, customers and the corporation.
 - The government affairs functions for West Virginia are maintained on a local market level in recognition of the material position Mountain State maintains in West Virginia as well as the significant impact these state officials have on its operations. Mountain State personnel are regularly called upon to participate in task forces, policy groups and steering committees organized within West Virginia to address health insurance or health care related issues. Overall, Mountain State's reputation in the State provides it with the opportunity to engage on any issue which impacts its members, customers or business operations, and to utilize the vast array of resources to which it has access as an affiliate of Highmark in pursuit of these interests.
- One example of our ability to work cooperatively with the state capitol is the Caring Program For Children Program ("Caring Program"). In the late 1980's Blue Cross of Western Pennsylvania with support from Pennsylvania Blue Shield developed the Caring Program, the nation's first health insurance program for uninsured children. The Caring Program was identified within the Blue Plan community as a best practice and was replicated within numerous states. In 1992, Pennsylvania, using the Caring Program as the fundamental model, established the state sponsored Children's Health Insurance Program ("CHIP"). Pennsylvania's CHIP program would later be used as the model for the federal government's SCHIP program.
- The Pennsylvania Insurance Department is currently conducting an examination of Highmark (and all other Pennsylvania Blue Cross and Blue Shield plans) on issues related to competition in Pennsylvania's health insurance marketplace. In connection with that examination, the Department has requested that Highmark provide it with information regarding, among other things, any potential or proposed consolidation, merger or acquisition of control transaction involving any other professional health service corporation, hospital plan corporation or insurer that Highmark has contemplated, investigated or negotiated from January 1, 1996 to the present.

Technology and Systems

Core System Overview

REDACTED

Financial Position

Access to Capital

- Highmark funds most capital investments through operating cash flows and available cash and investments. Highmark's cash and investment portfolio totaled \$4.3 billion as of July 31, 2009. Projected capital expenditures (including subsidiary capital needs) can and will be funded through cash flow from operations and from the existing cash and investment portfolio. Highmark's debt ratios are currently considered fairly low by the rating agencies, which positions Highmark to also consider borrowing monies to fund such initiatives. The determination of whether to internally fund initiatives, or to seek debt to fund initiatives, is based on the debt market dynamics and the attractiveness of the borrowing rate.
- In the event of more significant capital needs, Highmark maintains a short-term revolving line of credit of up to \$75 million, and maintains repo agreements that allow Highmark to pledge securities for cash of up to \$130 million. Highmark can also access the long-term debt markets, and currently has approx. \$370 million of long-term debt outstanding.
- Highmark would be prepared to provide surplus notes to BCBSD to fund a portion of the integration plan implementation investment if it were deemed necessary to preserve BCBSD's capital position.

Financial Position

Community Investments

- Highmark is committed to its Social Mission. In 2008, we provided financial support of \$130 million for community programs, including \$121 million to help hold down the cost and expand access to health care coverage for lower-income families, older adults and uninsured children.

- Examples of our commitment to our Social Mission in 2008 include:
 - The continued funding of a five year \$100 million program to address important issues that affect the health and well-being of children across Highmark’s service area. The program is designed to promote healthy behaviors in children and adolescents by providing support in five areas critical to children’s overall health and well-being: nutrition, physical activity, grieving, self esteem, and bullying.

 - A continued leadership role in developing programs and practices to address the health care needs of an increasingly diverse population. For example, in 2008, African-American membership in Highmark’s SilverSneakers® Fitness Program for seniors in the company’s Medicare Advantage program grew to more than 18 percent. The National Committee for Quality Assurance (NCQA) awarded Highmark a multicultural award for its efforts with the SilverSneakers program.

 - Providing oral health care and vision services to underserved segments of the population in Pennsylvania communities. Through the Highmark Foundation, \$1.9 million in grants was awarded to 21 oral health programs to help improve access to oral health and dental care program for lower-income, rural and uninsured populations.

 - Highmark’s vision and dental subsidiaries offered free dental and vision clinics for uninsured and underinsured individuals. Highmark’s dental company provided free dental care to nearly 1,500 individuals with minimal or no dental insurance. Highmark’s vision company screened 1,740 children and provided free follow-up care to more than 530 children.

Management and Employees

What level of decision-making authority is invested in managers? How are they held accountable?

- Highmark invests decision-making authority in managers with the appropriate performance management and feedback mechanisms in place to hold them accountable.
- Managers at Highmark are expected to provide effective leadership to staff through coaching and developing, as well as to achieve organizational goals by planning, organizing, leading and controlling all organizational resources. In order for managers to meet these expectations, they are empowered to make decisions. Managers are provided with leadership development programs, management education forums and multiple resources to ensure sound decision making skills. Guidelines for decision making are also provided in the form of policy (human resource and financial), an integrity code of conduct and management guidance.
- Each manager is held accountable for the performance of his/her duties and decision making through the annual performance review process. In addition to an evaluation of performance against established business goals, each manager is evaluated on six specific leadership competencies (Accountability, Customer Focus, Diversity and Inclusion, Effective Working Relationships, Operation Excellence and Talent Management). Feedback on these competencies is provided by both the manager's manager and by his/her direct reports.

Management and Employees

What are the opportunities for growth and development of your employees?

- In Highmark's performance management system, every employee across the organization is required to have a development goal - "Identify and address development areas to improve my current job skills." Based on this development goal, employees work with their managers to identify specific actions, tasks or competencies that will address skill and knowledge gaps. Planning for career growth can also be included as part of the development goal.
- Managers are encouraged to address employee development in business goals as well. For example, if an employee is newly assigned as a project lead, training in project management might be part of the business goal.
- Also, managers are required to have a separate development discussion with the employee within two months of the performance review. In this way, Highmark has connected learning and individual development with both individual performance and organizational performance.

Management and Employees

How are employees evaluated and rewarded?

- Highmark performance management program is called “high performance”. This program stresses and encourages employee involvement in the annual performance management process.
- This is accomplished through:
 - Employee collaboration with their managers to provide input in setting performance and development goals for the review period
 - Employees tracking progress toward their goals using an online journal writing feature
 - Employees assessing themselves using their individual scorecard and provide input into their managers’ scorecards
- Employees at Highmark are reviewed annually with consideration for a merit salary increase based on their performance and position in the salary range for their particular job. Employees are evaluated based on business goals and behaviors associated with Highmark’s core competency model: accountability, operational excellence, customer focus and effective working relationships. In addition, managers are also evaluated on two additional competencies: talent management and diversity and inclusion.
- Employees are recognized and rewarded for being a valued part of the Highmark organization through our bonus and award programs. These programs recognize an employee for length of service to the organization, quality of service to the organization and for significant contributions to the achievement of business goals.

Management and Employees

Management Overview

Kenneth R. Melani, M.D.

President and Chief Executive Officer

Dr. Kenneth R. Melani is president and chief executive officer of Highmark Inc. In this position, which he assumed on January 1, 2003, Dr. Melani oversees the day-to-day operations of one of the largest Blue Cross Blue Shield Plans in the country. Highmark's 22,000 employees serve more than 30 million people nationally through health, dental, vision and life and casualty insurance products and services.

Prior to his appointment as president and chief executive officer, Dr. Melani served as executive vice president of strategic business development and health services and president of Keystone Health Plan West, Highmark's managed care subsidiary. In this role, he was responsible for the company's strategic planning, marketing, informatics and e-business development.

Dr. Melani began his career with Highmark in 1989 as corporate medical director in the medical affairs department. Before joining the company, he was president and chief executive officer of West Penn Cares, Inc., a holding company for several health care ventures. Prior to his work with West Penn Cares, he owned a private practice in internal medicine, which he developed into a multi-location, multi-specialty group practice.

Dr. Melani is board certified in internal medicine (ABIM) and is a member of the Allegheny County Medical Society, Pennsylvania Medical Society and the American Medical Association.

He is chairman of the board of the Pittsburgh Cultural Trust and Variety, the Children's Charity of Pittsburgh. He also serves on the boards of Highmark Inc., the Blue Cross and Blue Shield Association, Association of Health Insurance Plans, National Institute of Health Care Management, Allegheny Conference on Community Development, Holy Family Institute, Extra Mile, the Duquesne Club and Washington and Jefferson College.

For his dedication to building stronger communities, the Blind and Vision Rehabilitation Services of Pittsburgh awarded Dr. Melani the 2007 Paul Lackner Person of Vision Award, which is presented annually to an individual whose vision has made a difference in the lives of people in the Pittsburgh region.

The Anti-Defamation League presented Dr. Melani with its National American Heritage Award in 2004 for his corporate and community leadership.

In addition, he is a past recipient of the Tony Coelho Award, which recognizes a commitment to hiring people with disabilities; the Allegheny Valley School District Alumni Hall of Fame Award; the Junior Achievement Golden Achievement Award, which symbolizes the organization's mission to inspire and educate young people to value free enterprise; and the Washington and Jefferson College Alumni Award for Achievement.

A summa cum laude graduate of Washington and Jefferson College, Dr. Melani earned a bachelor's degree in chemistry and a doctorate of medicine from the Bowman-Gray School of Medicine at Wake Forest University. He completed his residency in internal medicine at The Western Pennsylvania Hospital in 1982.

Management and Employees

Management Overview

Nanette P. DeTurk

Executive Vice President and Chief Administrative and Financial Officer and Treasurer

Nanette P. DeTurk is executive vice president, chief administrative and financial officer and treasurer of Highmark Inc. In this position, Ms. DeTurk is responsible for administering the corporation's financials, investments and information technology.

Ms. DeTurk's responsibilities include financial accounting and reporting, procurement, financial planning and analysis, actuarial services, underwriting, treasury and investment management. In addition, the development, implementation, maintenance and security controls for the corporation's information systems reside in her division. All aspects of Highmark's employees — ranging from talent acquisition and management, corporate learning and development, compensation and benefits, security and employee relations — are under Ms. DeTurk's leadership.

Ms. DeTurk joined Pennsylvania Blue Shield, a predecessor of the corporation, in 1993. She has held a variety of positions within the finance division, starting as manager of financial reporting of Pennsylvania Blue Shield and assuming additional accountability throughout this period to her appointment as chief financial officer in February 2006. In April 2009, she assumed accountability for the information systems group and the human resources and administrative functions.

Ms. DeTurk holds a bachelor's degree in accounting from The Ohio State University and a master's degree in finance from Pennsylvania State University. She is also a licensed certified public accountant in the state of Pennsylvania. Ms. DeTurk serves on the board of directors of numerous Highmark subsidiaries including HVHC (Highmark Vision Companies), Mountain State BCBS, United Concordia Insurance Companies and Gateway Health Plan. Additionally, she is active in the community and serves as a director of the Western Pennsylvania chapter of the Juvenile Diabetes Research Foundation (JDRF) and volunteers as a facilitator at The Highmark Caring Place, a Center for Grieving Children, Adolescents and Their Families.

J. Fred Earley II

Market President of Mountain State Blue Cross Blue Shield

Fred Earley is the market president of Mountain State Blue Cross Blue Shield. Based in Parkersburg, Mr. Earley joined the company in 1989. In his previous role as senior vice president of external operations and general counsel, Mr. Earley was responsible for legal services, compliance, subrogation, government relations, public relations, communications, corporate planning, privacy and provider reimbursement.

Mr. Earley serves as a member of the board of directors of Mountain State BCBS, the West Virginia High Risk Pool, the West Virginia Health Information Network, the Boys and Girls Club of Parkersburg and the Parkersburg YMCA.

Mr. Earley holds a bachelor's of science degree in business administration from West Virginia University and a law degree from the Washington and Lee University School of Law. He is a member of the West Virginia State Bar, and the District of Columbia Bar.

Management and Employees

Management Overview

Elizabeth A. Farbacher

Executive Vice President, Chief Auditor & Compliance Officer

Elizabeth A. Farbacher is executive vice president, chief auditor and compliance officer for Highmark Inc. In this position, she serves as the primary staff liaison to the audit committee of the Highmark Board of Directors. She oversees the development and implementation of Highmark's proactive anti-fraud program, which prevents and detects potential fraudulent health insurance acts committed against the corporation.

Ms. Farbacher is also responsible for the coordination of audits of Highmark and its subsidiaries by third parties, including independent certified public accountants, group customers and regulatory and government agencies. She is also accountable for developing and maintaining a comprehensive system to monitor operational performance of the core health insurance business, which is reported to the Blue Cross and Blue Shield Association.

Ms. Farbacher is a member of the American Institute of Certified Public Accountants and the Institute of Internal Auditors. Ms. Farbacher serves on the Pittsburgh chapter of the Institute of Internal Auditors Board of Governors and the board of directors of the Girl Scouts, Trillium Council. Ms. Farbacher holds a bachelor's degree in business administration/accounting from Indiana University of Pennsylvania.

Michael A. Fiaschetti

Market President of the Central Region

Michael Fiaschetti is the market president of the central region for Highmark Inc. In this position, he is responsible for Highmark's health insurance business, which serves more than 800,000 members, in Central and Eastern Pennsylvania. Mr. Fiaschetti has more than 25 years of executive experience in the managed care and health insurance industry.

Mr. Fiaschetti serves on the board of United Concordia Companies, Inc. and is currently president of the board of the Southcentral region Second Mile Foundation. He is also on the board of Harrisburg University and the Harrisburg Regional Chamber of Commerce. Mr. Fiaschetti serves as chairman of the Pennsylvania Health Information Exchange, assisting in improving health care information technology in Central Pennsylvania.

Mr. Fiaschetti received a master's of business administration degree from Pennsylvania State University and he holds a bachelor's degree from the University of Dayton in Ohio.

Management and Employees

Management Overview

David Holmberg

President and CEO of HVHC Inc.; Chairman and CEO of Eye Care Centers of America

David Holmberg is president and chief executive officer of HVHC Inc. and chairman and chief executive officer of Eye Care Centers of America (ECCA), based in San Antonio.

Mr. Holmberg brings a wealth of leadership background with a number of key retailers. Prior to joining ECCA in January 2008, he was executive vice president of operators for Jo-Ann Stores, Inc., a leading national specialty retailer of crafting, decorating, and sewing products. Preceding his key role at Jo-Ann's he was the President of Cole Licensed Brands which encompassed more than 1,200 Sears Optical, Target Optical, BJ's Wholesale Clubs, Pearle Vision Canada and Sears Optical Canada. In addition, he held several key management positions at Zale Corporation, most notably as the executive vice president of store operations and president of Zale's Canada.

Mr. Holmberg holds a master's degree from the University of Texas at Dallas and is also a graduate of the Harvard Business School's Advanced Management program.

Thomas Kerr

Executive Vice President and Chief Marketing & Strategy Officer

Thomas Kerr is executive vice president and chief marketing & strategy officer for Highmark Inc. He is responsible for the corporation's product development, marketing, advertising, corporate communications and strategic planning departments. In addition, he oversees all of the company's efforts to engage consumers in their health care experience.

Mr. Kerr joined Blue Cross of Western Pennsylvania (BCWP), a predecessor of the corporation, in 1982. He has served in a number of key management positions overseeing product development and marketing – positioning Highmark as a leading consumer-focused health insurer locally, regionally and nationally. Prior to working at BCWP, he held numerous positions with Westinghouse Corporation in Pittsburgh.

Mr. Kerr graduated from Duquesne University with a bachelor's degree. He currently serves on the board of directors of First Tee of Pittsburgh, a nonprofit organization focused on changing the lives of young people by providing learning facilities and educational programs that promote character development and life-enhancing values through the game of golf.

Management and Employees

Management Overview

Daniel J. Lebish

Executive Vice President, Subsidiary Business

Daniel J. Lebish is executive vice president of Highmark's subsidiary businesses. In this position, Mr. Lebish is responsible for two of Highmark's subsidiaries, the HM Insurance Group and United Concordia Companies, Inc. The HM Insurance Group product portfolio includes employer stop loss, workers' compensation, limited benefit medical, and a portfolio of worksite insurance products that complement Highmark's health insurance products. United Concordia Companies, Inc. provides a full selection of dental products and markets administrative services to clients who wish to self-insure and to other insurers.

Prior to his current position, Mr. Lebish served as senior vice president of business development for Highmark Inc. He was in charge of developing and implementing plans for market expansion and new product development. He also held several other positions in the health insurance and health care industry, including executive vice president with HealthAmerica and chief financial officer and vice president of administrative services at Magee-Womens Hospital.

Mr. Lebish is a member of the American Hospital Association and the Health Care Financial Management Association. He is also actively involved in local community activities and serves on the boards of WQED Multimedia, the Pittsburgh YMCA and the Pittsburgh Dance Council. In addition, he has served as a board member for Highmark's affiliates Mountain State BCBS and NaviNet Inc.

Mr. Lebish holds a bachelor's degree in business administration from St. Norbert College and a master's degree in health administration from The Ohio State University.

Darren P. Macioce

Senior Vice President Health Plan Operations

Darren Macioce is senior vice president of health plan operations for Highmark. In this position, he oversees and directs the 3,600 employee operations and business units for claims processing and call center operations, BlueCard/ITS, membership, billing, and benefit and medical policy administration for Highmark and Mountain State's commercial book-of-business and for Highmark's insured/private-label processing performed for other health plans. Mr. Macioce previously directed Highmark's Healthcare Informatics and business intelligence division which supports all employer, provider and member reporting and advanced analytics performed at Highmark.

Over the past 25 years, Mr. Macioce has held senior management positions in operations, IT, merger/integration planning, business and research at Highmark and its predecessor, Blue Cross of Western Pennsylvania. During his tenure, he provided senior leadership and led several transformational and high-visibility initiatives including implementing Highmark's ePlatform end-to-end operating platform, managing the HighBAR and OSCAR system migration activities, and forming Highmark's Healthcare Informatics division.

Mr. Macioce obtained a bachelor's degree in computer science from West Virginia University and serves on the board of a number of organizations: Co-Chair, BCBSA Blue Health Intelligence (BHI); Chairman, eBDS, LLC; Chairman, Intelimedix, LLC; Board Member, Mountain State Blue Cross Blue Shield; Board member, The Pittsburgh Mercy Foundation; Board member, NaviNet (formerly NaviMedix).

Management and Employees

Management Overview

Brett C. Moraski

Senior Vice President of Corporate Strategy and Development

Brett Moraski is senior vice president of corporate strategy and development for Highmark Inc. In this position, he is responsible for key growth and strategic activities, including coordinating market research and analysis; managing strategic planning for the corporation and its subsidiary organizations; directing enterprise-wide corporate innovation; evaluating new business and investment opportunities; and directing Highmark's mergers and acquisitions activity. In addition, Mr. Moraski manages Highmark's existing strategic investments by providing day-to-day corporate oversight of the Highmark for-profit subsidiary portfolio and other direct strategic investments.

Mr. Moraski was actively involved in developing the business plan and structuring the corporation's investment in Medmark (and subsequent sale to Walgreens); designing and implementing Highmark's capital allocation and strategic planning processes; and coordinating Highmark's acquisitions of Fischer's SPS, Sight Resources, Viva International, Eye Care Centers of America, Intellimedix, IMC and eBDS.

Mr. Moraski received his Bachelor's Degree in Economics *summa cum laude* from the University of Notre Dame and his Master's of Business Administration Degree from the Harvard Business School. He currently serves on the board of directors of United Concordia Dental, Highmark Vision Holding Company, Highmark Insurance Group, NaviNet, Inter-County Health and Hospitalization Plans, and Big Brothers Big Sisters of Greater Pittsburgh. He also serves on the Advisory Committee for Lancet Capital Partners.

David M. O'Brien

Executive Vice President of Government Services & External Affairs

David M. O'Brien is currently executive vice president of government services and external affairs for Highmark Inc. In this position, he provides strategic and tactical leadership for Highmark Medicare Services, as well as legislative, regulatory, and community affairs. Also, as a senior officer, he is responsible for participating in the strategic and business planning of the corporation.

Prior to this position, Mr. O'Brien was executive vice president of individual and senior products and was responsible for the profit and loss for these products. Other functions included product development, sales and operational responsibility, and overseeing the operation for two joint ventures: Industrial Medical Consultants, Inc. (IMC), a worker's compensation management company, and a long-term care insurance product with GE Capital as the partner.

Prior to his position in Individual Products, Mr. O'Brien was executive vice president of health services at Highmark Inc. In this role, he provided strategic and tactical leadership in directing the development and implementation of goals, objectives, operating plans, policies and management direction for Highmark's Health Services Group, including provider affairs, health care management services, quality management, Alliance Ventures and the Insurer Physicians Service Organization. In addition, he assisted in developing the business strategy for the corporation and devised short-term goals, strategies and operating plans.

Before joining Highmark in 1998, Mr. O'Brien served as president and chief executive officer of Gateway Health Plan, LTD, and president of Alliance Ventures, Inc.

Mr. O'Brien received his bachelor's degree from John Carroll University and his master's degree from Robert Morris University.

Management and Employees

Management Overview

Daniel W. O'Malley

Market President of the Western Region

Daniel W. O'Malley is the market president of the western region for Highmark Inc. In this position, he is responsible for Highmark's health insurance business, which serves more than 3.2 million members in Western Pennsylvania.

Prior to joining Highmark, Mr. O'Malley managed several offices of the national human resources consulting firm, Towers Perrin, headquartered in Pittsburgh. He was responsible for the health and welfare benefit Practice serving primarily Fortune 500 companies.

Mr. O'Malley serves on the board of directors of The Verland Foundation, a nonprofit organization that operates community homes and offers services supporting more than 200 individuals with intellectual disabilities. Mr. O'Malley holds bachelor's degree from Georgetown University.

Deborah L. Rice

Executive Vice President of Health Services

Deborah Rice is executive vice president of health services for Highmark Inc. In this role, Ms. Rice is responsible for providing senior leadership and strategic direction for Highmark's core health insurance business. Additionally, she has responsibility for provider contracting and relationship management activities and Highmark's integrated clinical services.

Ms. Rice has held a variety of management positions at Highmark and its predecessor company. She has more than 25 years of experience in the health insurance industry. In addition to her position at Highmark, Ms. Rice is a member of various professional boards and committees, including Mountain State Blue Cross Blue Shield, HM Insurance Group, IMC (Highmark Subsidiary), Federal Employee Program (BCBSA) and Leadership Pittsburgh.

Ms. Rice is also very active in the community, serving on several boards. She was a past member of the Pittsburgh Public Theater and Gwen's Girls, and she currently serves as a member of the Pittsburgh Symphony, Phipps Conservatory and Botanical Gardens and United Way of Allegheny County.

Management and Employees

Management Overview

Gregory K. Smith

Chairman of the Mountain State Blue Cross Blue Shield Board of Directors

Retired, President and Chief Executive Officer Mountain State Blue Cross Blue Shield

Gregory K. Smith is Chairman of the Board of Mountain State Blue Cross Blue Shield (“MSBCBS”). In this role, Mr. Smith leads the board review of MSBCBS’s performance and strategic plans.

Smith joined Blue Cross Blue Shield of West Virginia in 1984 as Director of Public Relations and assumed the role of Vice-President of Marketing when Mountain State Blue Cross Blue Shield was created in 1991 to combine the state's two former plans. In 1994 he was elevated to Executive Vice President, and in 1995 became President and CEO of Mountain State Blue Cross Blue Shield.

Mr. Smith received his Bachelor’s Degree from West Virginia University and his Master’s of Business Administration Degree from the Harvard Business School Executive Education Program.

Mr. Smith is currently a member of the West Virginia University at Parkersburg Board of Advisors. Previously, Mr. Smith has served the West Virginia community as: a member of the West Virginia Legislature from 1980-1986, serving as Assistant Majority Leader and Democratic Caucus Chairman from 1985-1986, a member of the West Virginia Special Olympics Board of Directors from 1999-2001, a member of the Lewis College of Business Advisory Board at Marshall University, a member of the West Virginia Economic Development Authority from 2002-2004, a member of Blue Cross Blue Shield Association National Employee Benefits Committee, a past Chairman of the Chamber of Commerce of the Mid-Ohio Valley Board of Directors and a Member of the West Virginia Chamber Board of Directors.

Tom R. Tabor

Senior Vice President & Chief Information Officer

Tom Tabor is senior vice president and chief information officer of Highmark Inc. In this role, he is responsible for information services support in the areas of network and telecommunication services; information processing; systems development and implementation; technology architecture; and information security.

Before assuming this position, Mr. Tabor held various positions at Highmark. He was vice president of the Information Services Group where he was responsible for a project spanning more than three years to provide care management functionality to Highmark as well as consolidating core-processing systems resulting from the consolidation of Blue Cross of Western Pennsylvania and Pennsylvania Blue Shield. He was also director of Corporate Systems Services and project director of Business Information Development. Before joining Blue Cross of Western Pennsylvania in 1991, he held positions at PPG Industries and Gulf & Western Inc.

The Pittsburgh Technology Council and the Greater Pittsburgh CIO Group presented Mr. Tabor with its 2006 Pittsburgh CIO of the Year Award for nonprofit organizations. In 2008, *InformationWeek* magazine named Highmark third on its list of the top 500 most innovative users of technology.

Mr. Tabor is active in the community and serves as a member of the IT Workforce Board of Pittsburgh Technology Council; the City/County IT Integration Advisory Committee; the Pittsburgh CIO Roundtable; the Business Advisory Board of Bender Consulting Services, Inc.; and the Technical Advisory Board of Doyle Center for Manufacturing Technology. Mr. Tabor is an Editorial Advisor to the *ADVANCE for Health Information Executives* publication. He is treasurer of Glenshaw Presbyterian Church.

Mr. Tabor received a B.S. degree in math from Youngstown State University and an MBA from the University of Pittsburgh. He is a Certified Cash Manager with the NCCMA, and he is a past president of the Pittsburgh Cash Management Association. Mr. Tabor is a past chairman of the Tech Link Program of Pittsburgh, a nonprofit organization, and a past treasurer of the Board of the Pennsylvania eHealth Initiative.

Management and Employees

Management Overview

Gary R. Truitt

Executive Vice President, Secretary and General Counsel

Gary Truitt is executive vice president, secretary and general counsel of Highmark Inc. In this position, he provides legal and regulatory advice to Highmark's board of directors, management and all departments and subsidiaries of the corporation. Mr. Truitt manages a department of approximately 40 attorneys and paralegals and is responsible for the retention of all outside legal resources required to support the corporation.

As corporate secretary, Mr. Truitt oversees the corporate governance of Highmark and its subsidiaries, including preparation of resolutions for consideration by the board of directors and minutes and other appropriate records of corporate actions.

Prior to joining Blue Cross of Western Pennsylvania, a predecessor of the corporation, in 1984, Mr. Truitt served from 1975 to 1980 as assistant district attorney of Allegheny County, Pennsylvania. He was in private practice from 1980 to 1982 and served as a tax consultant for Touche Ross and Co. from 1982 to 1984.

Mr. Truitt is a member of the Allegheny County Bar Association, the American Health Lawyers Association, the American Corporate Counsel Association and the Pittsburgh Civic Light Opera board of directors and its executive committee.

Mr. Truitt holds a bachelor's degree in economics from the University of Pittsburgh, a law degree from the Duquesne University School of Law and a master's degree in taxation from Robert Morris University.