

FORM A

**STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR
MERGER WITH A DOMESTIC INSURER**

United Concordia Dental Plans of the Midwest, Inc.
(the "Domestic Insurer")

By

NewCo, a Pennsylvania corporation to be formed upon the consolidation of Independence Blue
Cross and Highmark Inc., each a Pennsylvania nonprofit corporation

(the "Applicants")

Filed with the Office of Financial and Insurance Regulation

Dated: June 9, 2008

Name, Title, Address and Telephone Number of Individuals to Whom Notices and
Correspondence Concerning this Statement Should be Addressed.

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Item 1. INSURER AND METHOD OF ACQUISITION

(a) The Domestic Insurer. The name and address of the Domestic Insurer to which this Application relates is:

United Concordia Dental Plans of the Midwest, Inc.
601 Abbott Road
East Lansing, MI 48823

(b) The Acquisition of Control. Control of the Domestic Insurer is to be acquired pursuant to a proposed consolidation of Highmark Inc. ("Highmark") and Independence Blue Cross ("IBC") (collectively, the "Applicants").

Subject to the terms of an Agreement of Consolidation dated March 28, 2007, a copy of which is filed herewith as Exhibit 1 (the "Consolidation Agreement"), the Applicants will consolidate their businesses and operations. Both of the Applicants are organized as Pennsylvania domestic nonprofit corporations and neither has capital stock. Upon the filing of the Articles of Consolidation and pursuant to the terms of the Consolidation Agreement and the Plan of Consolidation, the separate corporate existences of the Applicants will cease and a new nonprofit non-stock Pennsylvania corporation ("NewCo") will be created to succeed to the business of the Applicants. By operation of law, NewCo will succeed to all property, rights, privileges, powers and franchises of the Applicants, and NewCo will become responsible for all debts, liabilities and duties of the Applicants.

By virtue of the consolidation and by operation of law, the Domestic Insurer will become an indirect, wholly-owned subsidiary of NewCo. No change to the capitalization, organizational structure, or other aspect of any of the Domestic Insurer will occur as a direct result of the consolidation itself.¹ The separate corporate existence of the Domestic Insurer will continue and the daily management and board of directors of the Domestic Insurer will remain initially as it was prior to the consolidation.

Item 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) Names and Addresses of the Applicants. The names and addresses of the Applicants are:

Highmark Inc.
120 Fifth Avenue
Pittsburgh, PA 15222

Independence Blue Cross
1901 Market Street
Philadelphia, PA 19103

¹ Note, however, that Section 4.5.6(d) of NewCo's proposed bylaws will require that each subsidiary's bylaws must be amended to require that certain actions to be taken at the subsidiary level would first have to be approved by a super-majority vote of NewCo's Board of Directors for three years following the consolidation.

(b) Nature of Business Operations of the Applicants.

Highmark

Highmark is a Pennsylvania nonprofit corporation licensed by the Pennsylvania Insurance Department ("Department") to operate a hospital plan and a professional health services plan pursuant to the Health Plan Corporations Act, 40 Pa. C.S. §§6101-6127, 6301-6335 ("HPCA"). Under this authority, Highmark provides traditional indemnity, or "fee for service," health care insurance coverage to groups and individuals. As an independent licensee of the Blue Cross Blue Shield Association ("BCBSA"), which owns the "Blue" names and marks, Highmark operates as Highmark Blue Cross Blue Shield in the 29 western-most counties of Pennsylvania and as Highmark Blue Shield in the remaining counties of the Commonwealth. Highmark is one of four "Blue" plans in Pennsylvania and one of 39 "Blue" plans in the nation. Highmark serves the 29 western-most counties of Pennsylvania and 21 counties of central Pennsylvania and parts of eastern Pennsylvania as a full-service health plan, offering health care coverage, on both an insured and self-funded basis to groups, and to individuals.

As a party to joint operating agreements, Highmark also provides professional health services coverage in conjunction with hospital coverage provided by Blue Cross of Northeastern Pennsylvania in northeastern Pennsylvania and by IBC in southeastern Pennsylvania. Highmark does not sell indemnity coverage for hospital services in northeastern or southeastern Pennsylvania. In addition to its indemnity coverage, Highmark also offers health insurance coverage in 49 of Pennsylvania's 67 counties (excluding the five counties in the IBC service area and other counties in northeastern Pennsylvania), through a non-Medicare preferred-provider organization ("PPO") program. In Pennsylvania, Highmark serves as an "insurer of last resort," helping to keep the state's uninsured population among the lowest in the nation.

Highmark's wholly owned subsidiary, Keystone Health Plan West, Inc. ("Keystone West"), offers HMO coverage in western Pennsylvania to both the over-65 and under-65 group and individual insurance markets. Highmark has two other insurance subsidiaries which provide group and individual Medicare products: Highmark Senior Resources Inc., which offers Medicare Part D prescription drug coverage in Pennsylvania and West Virginia, and HM Health Insurance company, which offers Medicare Advantage plans in West Virginia. Highmark also offers Medicare Advantage products, as well as Medicare supplemental products, to the individual and group markets in western Pennsylvania, central Pennsylvania and parts of northeastern Pennsylvania. In northeastern Pennsylvania, the supplemental products are jointly underwritten with Blue Cross of Northeastern Pennsylvania and the Medicare Advantage products are provided by Highmark.

In addition to its health insurance operations in Pennsylvania, Highmark has a number of affiliated insurers, health maintenance organizations and dental and vision care affiliates doing business in other jurisdictions. Through Highmark's wholly-owned subsidiary, United Concordia Companies, Inc., Highmark indirectly owns 100% of the Domestic Insurer, as well as United Concordia Dental Plans domiciled in several other states. These dental plans offer a managed care product for dental services using a network of providers in the states where they are authorized to transact business.

IBC

IBC is a Pennsylvania nonprofit corporation licensed by the Department to operate a nonprofit hospital plan pursuant to the HPCA. Under this authority, IBC provides traditional indemnity hospital plan, or "fee for service," health care insurance coverage to groups and individuals. Like Highmark, IBC is an independent licensee of the Blue Cross Blue Shield Association and operates as the Blue Cross plan for a service area in southeastern Pennsylvania. Under a Joint Operating Agreement, IBC provides hospital indemnity coverage in conjunction with professional health services coverage provided by Highmark.

Through its wholly-owned subsidiary, QCC Insurance company, IBC offers a portfolio of PPO-based products such as Personal Choice PPO, Personal Choice High Deductible and Personal Choice 65 to the individual, group and Medicare markets. Through Keystone Health Plan East, Inc., a wholly-owned subsidiary, IBC offers HMO and POS (point of service) products, available to the group, individual and Medicare markets. Through another wholly-owned subsidiary, AmeriHealth HMO, Inc., IBC offers HMO (health maintenance organization) products in Pennsylvania, New Jersey, and Delaware. The vast majority of the in-force business of IBC and its affiliates consists of Blue-branded business written in IBC's southeastern Pennsylvania service area.

In addition to its health insurance operations in Pennsylvania, IBC affiliated insurers do business in New Jersey and Delaware, and other IBC affiliates provide insurance administration support services in a number of jurisdictions across the country.

NewCo

A profile of NewCo is attached as Exhibit 2.

(c) **Organizational Charts.** A chart reflecting the identities of and interrelationships of Highmark and its affiliates is attached as Exhibit 3. A chart reflecting the identities and interrelationships of IBC and its affiliates is attached as Exhibit 4.

Item 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT.

(a) Name and Business Address of Directors, Executive Officers and 10% Owners of the Applicants.

Highmark and IBC have agreed upon the following appointments with respect to NewCo's Board of Directors and executive officers. Among the agreed appointments are Highmark's current Chairman of the Board, who will serve as Vice-Chairman of NewCo's Board of Directors, Highmark's current President and Chief Executive Officer, who will serve as NewCo's Chief Executive Officer, IBC's current Chairman of the Board, who will serve as Chairman of NewCo's Board of Directors and IBC's current President and Chief Executive

Officer, who will serve as President and Chief Operating Officer of NewCo.. A list of these individuals is attached as Exhibit 5. The remaining members of NewCo's Board of Directors and senior management will be determined prior to closing on the consolidation transaction. This filing will be promptly amended, as necessary, when that information becomes available.

No person owns or controls more than 10% of either of the Applicants which are nonprofit, non-stock corporations.

(b) Biographical Affidavits and Fingerprint Cards.

The present principal business occupation and other required biographical information of the persons named in Item 3(a) are set forth in the biographical affidavits of such persons, which are provided under Exhibit 6. The biographical forms for any additional directors and for senior management will be provided supplementally. None of the persons identified in Item 3(a) has been convicted in a criminal proceeding (excluding minor traffic violations) during the last 10 years and none of such persons has had any civil judgments against such person resulting in \$25,000 or more in civil fines or penalties or injunctive or other equitable relief.

Completed fingerprint cards for each of the persons listed in Item 3(a) will be submitted to OFIR supplementally under separate cover.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION.

(a) Nature, Source and Amount of Consideration. There will be no cash consideration or exchange of any voting stock of any of the Applicants' subsidiaries or affiliates.

(b) Criteria for Determination of Consideration. The terms of the Consolidation Agreement were determined through arm's length negotiation by the Applicants and do not call for consideration to be paid by either party.

ITEM 5. FUTURE PLANS OF INSURER

(a) Plans or Proposals. The Applicants have no present plans for the Domestic Insurer to declare a dividend (whether or not extraordinary), to liquidate the Domestic Insurer, to sell any of its assets, or to merge the Domestic Insurer with any person or persons, or to make any other material change to its business operations, corporate structure or management, except as set forth herein.

(b) Business Plan and Projections.

Enclosed as Exhibit 7 is a business plan for the Domestic Insurer, along with financial projections with assumptions underlying those projections. The business plan includes pro forma financial projections consisting of statutory balance sheets and income statements (the "Projected Financial Statements"). The Projected Financial Statements are based on assumptions

and estimates that, while considered reasonable when taken as a whole, are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Domestic Insurer and Applicants. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions on which the projections are based will not materialize or will vary significantly from actual results. Consequently, the inclusion of the Projected Financial Statements herein should not be regarded as a representation by the Domestic Insurer or the Applicants or any other person or entity of the results that will actually be achieved.

The consolidation will not have any impact upon, or change, the business operations or the anticipated financial performance of the Domestic Insurer. Upon closing of the consolidation transaction, the current Board of Directors of the Domestic Insurer will continue in office.

The Domestic Insurer is not currently party to any reinsurance agreements whereby it cedes any portion of the risk it underwrites and will not enter into any reinsurance agreements as a result of the consolidation of the Applicants. The books and records for the Domestic Insurer are currently, and will continue to be, located at its main administrative offices at 4401 Deer Path Road, Harrisburg, Pennsylvania.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

This transaction does not involve the sale or purchase of voting securities. By operation of law, upon consolidation of the Applicants, NewCo will have a 100% ownership interest in the Domestic Insurer.

The terms of the consolidation are set forth in the Agreement of Consolidation attached as Exhibit 1.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Highmark's ownership interest in the Domestic Insurer is reflected in Items 1-6. IBC does not own any voting securities of the Domestic Insurer.

ITEM 8. CONTRACTS, ARRANGEMENTS OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER.

Other than the Consolidation Agreement, there are no contracts, arrangements or understandings with respect to any voting securities between the Domestic Insurer and the Applicants.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

None

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

None

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

None

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS.

(a) List of Financial Statements and Exhibits.

Exhibit Reference	Description of Exhibit
Exhibit 1	Agreement of Consolidation dated March 28, 2007.
Exhibit 2	Profile of NewCo.
Exhibit 3	Organizational chart presenting the identities of and interrelationships of Highmark and its affiliates.
Exhibit 4	Organizational chart showing the identities of and interrelationships of IBC and its affiliates.
Exhibit 5	Lists of the Directors and Officers of NewCo
Exhibit 6	Biographical Affidavits for Directors and Officers of NewCo
Exhibit 7	Business Plan

(b) Description of Financial Statements.

Copies in "pdf" format of financial statements for Highmark, IBC and certain affiliates of Highmark and IBC (covering the period 2002-2007 unless otherwise indicated) are filed concurrently herewith on the compact disks included with this filing. Healthguard of Lancaster, Inc. and United Concordia Dental Plans of Delaware, Inc. each relinquished its certificate of authority during 2007. United Concordia Dental Plans of Arizona, Inc. and United Concordia Dental Plans of Illinois, Inc. were dissolved during 2007. These four Highmark subsidiaries did not prepare statutory financial statements for calendar year 2007.

Highmark Inc.

- Highmark Inc. Statutory Financial Statements
- Highmark Inc. Combined GAAP Financial Statements

Highmark Insurer Subsidiaries:

- First Priority Life Insurance Company, Inc.
- Gateway Health Plan, Inc.
- HealthGuard of Lancaster, Inc. (2002-2006 only)
- HM Health Insurance Company (2005-2007 only)
- HM Life Insurance Company²
- HM Casualty Insurance Company (2007 only)
- HM Captive Insurance Company (2007 only)
- Highmark Casualty Insurance Company
- Highmark Senior Resources Inc. (2005-2007 only)
- HMO of Northeastern Pennsylvania, Inc.
- Keystone Health Plan West, Inc.
- United Concordia Companies, Inc.
- United Concordia Dental Plans of Pennsylvania, Inc.
- United Concordia Life and Health Insurance Company
- Davis Vision of Michigan, Inc. (2002-2005 only)
- Gateway Health Plan of Ohio, Inc. (2005-2007 only)
- HCI, Inc.
- HM Life Insurance Company of New York³
- Highmark West Virginia, Inc., d/b/a Mountain State Blue Cross Blue Shield.⁴
- United Concordia Insurance Company
- United Concordia Insurance Company of New York
- United Concordia Dental Plans, Inc.
- United Concordia Dental Corporation of Alabama
- United Concordia Dental Plans of Arizona, Inc.(2002-2006 only)
- United Concordia Dental Plans of California, Inc.
- United Concordia Dental Plans of Delaware, Inc. (2002-2006 only)
- United Concordia Dental Plans of Florida, Inc.
- United Concordia Dental Plans of Illinois, Inc.(2002-2006 only)
- United Concordia Dental Plans of Kentucky, Inc.
- United Concordia Dental Plans of the Midwest, Inc.
- United Concordia Dental Plans of Texas, Inc.

² Prior to 2006, the corporate name was Highmark Life Insurance Company.

³ Prior to 2006, the corporate name was Highmark Life Insurance Company of New York.

⁴ Prior to 2004, the corporate name was Mountain State Blue Cross Blue Shield, Inc.

Independence Blue Cross

- Independence Blue Cross Statutory Financial Statement
- Independence Blue Cross GAAP Consolidated Financial Statements

IBC Insurer Subsidiaries:

- Keystone Health Plan East, Inc.
- AmeriHealth HMO, Inc.
- QCC Insurance Company
- Vista Health Plan, Inc.
- AmeriHealth Casualty Insurance Company
- AmeriHealth Insurance Company of New Jersey
- La Cruz Azul de Puerto Rico, Inc.
- Independence Insurance, Inc.
- Healthcare Delaware, Inc.
- Region 6 RX Corporation (2007 only)

Jointly Controlled Domestic Affiliates

- Inter-County Health Plan, Inc.
- Inter-County Hospitalization Plan, Inc.

ITEM 13. SIGNATURE AND CERTIFICATION

Pursuant to the requirements of Section 1311 of the Michigan Insurance Code of 1956, as amended, Highmark Inc. has caused this Application to be duly signed on its behalf in the City of Pittsburgh, and Commonwealth of Pennsylvania, on the 12th day of May, 2008.

HIGHMARK INC.

By: Kenneth R. Melani
Kenneth R. Melani, M.D.
Its: Chief Executive Officer and President

Attest:

Gary L. Smith
(Signature of Officer)

CORPORATE SECRETARY
(Title)

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached Application dated May 12, 2008, for and on behalf of Highmark Inc.; that he is the Chief Executive Officer and President of Highmark Inc. and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.


HIGHMARK INC.

By: Kenneth R. Melani
Kenneth R. Melani, M.D.
Its: Chief Executive Officer and President

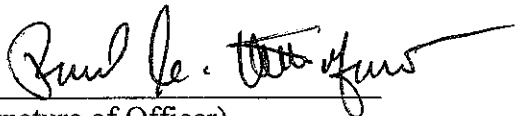
SIGNATURE AND CERTIFICATION

Pursuant to the requirements of Section 1311 of the Michigan Insurance Code of 1956, as amended, Independence Blue Cross has caused this Application to be duly signed on its behalf in the City of Philadelphia, and Commonwealth of Pennsylvania, on the 3rd day of June, 2008.

INDEPENDENCE BLUE CROSS

By: 
Joseph Frick
Its: Chief Executive Officer and President

Attest:


(Signature of Officer)

Sr. VP + General Counsel
(Title)

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached Application dated June 3, 2008, for and on behalf of Independence Blue Cross; that he is the Chief Executive Officer and President of Independence Blue Cross, and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

INDEPENDENCE BLUE CROSS

By: 
Joseph Frick
Its: President and Chief Executive Officer