

FORM A

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

Fidelis SecureCare of Michigan, Inc.

Name of Domestic Insurer

BY

Arboretum Ventures, III, L.P.

Name of Acquiring Person (Applicant)

Filed with the Insurance Department of
Michigan

(State of domicile of insurer being acquired)

Dated: January 22nd, 2013

Name, Title, address and telephone number of Individual to Whom Notices and Correspondence Concerning this
Statement Should be Addressed:

Brett McIntyre, Chief Financial Officer

Fidelis SeniorCare, Inc.

20 North Martingale Road, Suite 180

Schaumburg, IL 60173

ITEM 1. METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a brief
description of how control is to be acquired.

This domestic insurer is Fidelis SecureCare of Michigan, Inc. ("*Fidelis Michigan*"), a subsidiary of Fidelis SeniorCare, Inc. ("*Fidelis*"). The address of Fidelis is 20 N. Martingale Road, Suite 189, Schaumburg, IL 60173. A venture capital firm, Arboretum Ventures, III, L.P., a Delaware limited partnership ("*Arboretum*") purchased 10,761,946 shares of Series B Convertible Preferred Stock of Fidelis representing 12% of the outstanding equity of the issuer pursuant to the Stock Purchase Agreement attached as Appendix A. Neither Arboretum nor any other person has the ability to control the operations of Fidelis either through the individual voting power or representation on the board of directors of Fidelis. The Board of Directors of Fidelis consists of nine directors: one appointed by Arboretum, four appointed by other venture capital funds, one appointed by the holders of the Common Stock, and the remaining three appointed by the shareholders voting as a single class.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

- (a) State the name and address of the applicant seeking to acquire control over the insurer.

Arboretum Ventures III, L.P.

Market Place Building
303 Detroit Street
Suite 301
Ann Arbor, MI 48104

- (b) If the applicant is not an individual, state the nature of its business operations for the past 5 years or for such lesser period as such person and any predecessors thereof shall have been in existence. Describe the business intended to be done by the applicant and the applicant's subsidiaries.

Arboretum is a \$138 million investment fund launched in January 2011 that focuses on investments in early stage healthcare companies. Specifically, the investment team focuses on investments in medical device, diagnostic, healthcare IT, and healthcare service companies across the United States, with a special interest in the Midwest region, that they believe can achieve clear product development and business milestones in a capital-efficient manner. Where appropriate, Arboretum partners with other leading venture capital firms who can bring additional capital, market reach and overall support to the portfolio companies.

- (c) Furnish a chart or listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant, including the ultimate controlling person(s). No affiliate need be identified if its total assets are equal to less than 1/2 of 1% of the total assets of the ultimate controlling person affiliated with the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g. corporation, trust, partnership), primary business (e.g. holding company, insurance agency, manufacturer) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

Arboretum is a limited partnership, which is controlled exclusively by its general partner, Arboretum Investment Manager III, LLC, a Delaware limited liability company (the "General Partner"). Certain investment making decisions may be delegated to Arboretum Ventures, Inc., a Michigan corporation (the "Management Company"), which is under common control with the General Partner.

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

State the following with respect to 1) the applicant if she or he is an individual 2) if the applicant is not an individual, all persons who are, or who have been selected to be, directors, executive officers (or others who perform or will perform functions appropriate to those positions), or owners of 10% or more of the voting securities of the applicant, and, 3) in all instances where individuals will be the direct or indirect source of funding for the acquisition:

- (a) Name and business address:

The following individuals are the managers of the General Partner.

**Jan L. Garfinkle
Arboretum Investment Manager III, LLC
303 Detroit Street
Suite 301
Ann Arbor, MI 48104**

**Timothy B. Petersen
Arboretum Investment Manager III, LLC
303 Detroit Street
Suite 301
Ann Arbor, MI 48104**

Timothy B. Petersen will serve on the Board of Directors of Fidelis SeniorCare Inc.

- (b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on;

Jan L. Garfinkle and Timothy B. Petersen serve as managers of the general partners of other venture capital funds managed by the Management Company.

- (c) All occupations, positions, offices or employment during the last 5 years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith.

Please refer to Appendix B for the biographical information of the managers of the General Partner.

- (d) Whether or not such person has ever been convicted in a criminal proceeding (excluding minor traffic violations) during the last 10 years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case. Whether or not such person has had any civil judgments against the person resulting in \$25,000 or more in civil fines or penalties or injunctive or other equitable relief.

No person has ever been convicted of a criminal proceeding and does not have any civil judgments against the person resulting in \$25,000 or more in civil fines or penalties or injunctive or equitable relief.

- (c) Upon the request of the Commissioner, individuals shall provide fingerprint cards pursuant to Section 249a for state, multi-state, and federal criminal history record checks.

Agreed and acknowledged.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

- (a) Describe the nature, source and amount of funds or other considerations used or to be used in effecting the merger or other acquisition of control. Describe any transaction where funds were or are to be obtained for such purpose, including any pledge of the insurer's stock or pledge of the stock of any of its subsidiaries or controlling affiliates. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.

Pursuant to the Stock Purchase Agreement attached as Appendix A, Arboretum acquired 10,761,946 shares of Series B Convertible Preferred Stock for \$7,500,000. No part of the consideration has been borrowed or is subject to a security arrangement.

- (b) Explain the criteria used in determining the nature and amount of such consideration.

The purchase price is the result of an arms-length negotiation between Fidelis and Arboretum.

- (c) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, the applicant must specifically request that the identity be kept confidential.

Not applicable. This transaction is not a loan.

ITEM 5. FUTURE PLANS FOR INSURER

- (a) Describe any plans or proposals which the applicant may have for the insurer to declare a dividend, (whether or not extraordinary), to liquidate the insurer, to sell its assets, to merge it with any person or persons, or to make any other material change in its business operations or corporate structure or management.

Arboretum lacks control of Fidelis or Fidelis Michigan necessary to effect any of the transactions described above. Arboretum has no plans to propose any of the transactions described above to the Board of Directors or senior management of Fidelis or Fidelis Michigan.

- (b) Provide a 5 year business plan which describes the types of business to be written by the insurer, marketing plan, projected direct, assumed, ceded, and net written premiums by line, pro-forma statutory balance sheets and income statements. Also, describe proposed changes to the insurer's reinsurance program (if any), amount, timing, and type of capital contributions (if any), proposed changes to the insurer's executive officers and directors, and compliance plan with the "books and records in Michigan" requirement of Section 5256.

Fidelis is expanding its operations in Michigan, having established a primary care clinic in Detroit, Michigan to service its growing population of Medicare and Medicaid ("dual eligible") members. Fidelis plans to continue to grow in Michigan and potentially other states, primarily focused on the dual eligible population.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

Arboretum and its affiliates intend to participate in a subsequent closing of the Series B Convertible Preferred Stock financing to acquire 2,152,389 additional Series B Convertible Preferred Stock shares of Fidelis. Assuming that Arboretum participates in the subsequent closing, its percentage equity ownership of the issuer will increase from 12% to 14%.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

Arboretum owns 10,761,946 shares of Series B Convertible Preferred Stock of Fidelis. No additional shares are owned or controlled for Arboretum, its affiliates or any person listed in Item 3.

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

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom the contracts, arrangements or understanding have been entered into.

See Appendix C – Amended and Restated Charter, Investors' Rights Agreement, ROFR Co-Sale Agreement and Voting Agreement Execution

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement. Include in the description the dates of purchase, the names of the purchasers, and the consideration paid or agreed to be paid therefor. State whether any shares so purchased are hypothecated.

Applicant purchased 10,761,946 shares of Series B Convertible Preferred Stock of Fidelis pursuant to the Stock Purchase Agreement attached as Appendix A. None of the shares have been hypothecated.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement.

None.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

None.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

- (a) Financial statements and exhibits shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.

The financial statements for Arboretum Ventures III, LP are attached as Appendix D.

- (b) The financial statements shall include the audited annual financial statements of the persons (both corporate and individual) identified in Item 2(c), including individuals who are applying to be the ultimate controlling persons, for the preceding 5 fiscal years (or for such lesser period as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person's last fiscal year as of a date not earlier than 90 days prior to the filing of the statement. The statements may be prepared on either an individual basis, or, unless the Commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business. The consolidated financial statements shall include the consolidating work sheets.

The annual financial statements of the applicant corporate entity shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial positions of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the Annual Statement of the person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the state.

Arboretum Ventures III, L.P. began operations in January 2011. Their financials and independent auditor certification is disclosed in Appendix D.

- (c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory, managing general agent, controlling producer, or management contracts concerning the insurer, annual reports and proxy statements to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required Form A forms and instructions Section 4 and 6.

See the Stock Purchase Agreement attached as Appendix A.


ITEM 13. SIGNATURE AND CERTIFICATION

Signature and certification required as follows:

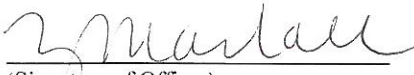
SIGNATURE

Pursuant to the requirements of Section 1311 of the Insurance Code of 1956, as amended, Arboretum Ventures III, L.P. has caused this application to be duly signed on its behalf in the City of Ann Arbor and State of Michigan on the 22nd day of January, 2013.

(SEAL) Arboretum Ventures III, L. P.
Name of Applicant

BY 
Timothy Petersen, Managing Director of Arboretum
Investment Manager III, LLC, the General Partner


Attest:


(Signature of Officer)

CFO
(Title)

CERTIFICATION

22nd The undersigned deposes and says that she or he has duly executed the attached application dated January 2013, for and on behalf of Arboretum Ventures III, L.P.; that she or he is the Managing Director of such company and that she or he is authorized to execute and file such instrument. Deponent further says that she or he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his or her knowledge, information and belief.

(Signature) 
(Type or print name beneath) Timothy Petersen