

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

Centene Corporation

Name of Acquiring Person (Applicant)

Filed with the
Michigan Department of Insurance and Financial Services

Dated: January 16, 2015

Name, Title, Address and Telephone Number of Individual to Whom Notices and Correspondence Concerning This Statement Should Be Addressed:

Dawn Siggett
Vice President, Legislative & Government Affairs
Centene Corporation
500 Kirts Blvd., Suite 300
Troy, MI 48084
(517) 294-8604

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.

The name and address of the domestic insurer to which this Form A relates is as follows:

Fidelis SecureCare of Michigan, Inc.
20 North Martingale Road
Schaumburg, IL 60173

Centene Corporation (“Applicant”) has agreed to acquire Fidelis SecureCare of Michigan, Inc. (“Insurer”). Applicant shall purchase 100% of the issued and outstanding shares of capital stock of Insurer from Fidelis SeniorCare, Inc., parent company of Insurer (“Insurer Parent”).

Please refer to Exhibit 1 for a copy of the Note Subscription and Plan Purchase Agreement by and among Applicant, Insurer, and Insurer Parent dated December 17, 2013, as well as the amendments to the agreement (“Agreement”).

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

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

Centene Corporation
7700 Forsyth Blvd.
St. Louis, MO 63105

- (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.**

Applicant, a publicly traded (NYSE: CNC), Fortune 500 company, is a leading multi-line healthcare enterprise that provides programs and services to government sponsored healthcare programs, focusing on under-insured and uninsured individuals in 20 states. Many receive benefits provided under Medicaid, including the State Children’s Health Insurance Program, as well as Aged, Blind or Disabled, Foster Care and Long Term Care, in addition to other state-sponsored/hybrid programs, and Medicare (Special Needs Plans and Medicare-Medicaid Plans). Applicant operates local health plans and offers a range of health insurance solutions. It also contracts with other healthcare and commercial organizations to provide specialty services including behavioral health, care management software, correctional systems healthcare, in-home health services, life and health management, managed vision, pharmacy benefits management, specialty pharmacy and telehealth services. Applicant and its subsidiaries intend to continue the business activities described above in the future.

- (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.**

Please refer to Exhibit 2 for the organizational chart. Applicant's subsidiaries have no pending court proceedings involving a reorganization or liquidation.

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;**
- (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;**
- (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.**
- (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.

- (e) 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.**

Please refer to Exhibit 3 for a list of the directors and executive officers of Applicant and biographical affidavits on these individuals. None of these individuals will be the direct or indirect source of funding for the acquisition. Applicant will provide fingerprint cards for each of these individuals upon the request of the Commissioner. At the time of this filing, no person or entity owns in excess of 10% of Applicant.

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.**

Total consideration was agreed upon by Applicant and Insurer Parent to be equal to a multiple of the normalized level of revenue of Insurer for the one-year period beginning July 1, 2015 and ending July 1, 2016. However, projected revenue for this one-year period is not known at this time because the component variables used in the calculation to determine actual revenue for that period (i.e., the number of members, the corresponding premium rates for those members, including any future risk adjustments) are not yet known and/or have not yet been experienced.

Total consideration for the transaction is expected to be paid in cash, and in multiple installments, over the course of approximately 18 months following the closing of the transaction, as contemplated in the Agreement.

Insurer Parent has provided to Applicant a Secured Promissory Note in the amount of \$5,000,000 for value received from Applicant. This \$5,000,000 loan, plus interest, is secured by all of the equity interest of Insurer via a Pledge and Security Agreement by and between Insurer Parent and Applicant. Upon closing of the transaction, this \$5,000,000 loan, plus interest, shall be considered paid in full and will be counted as a deduction from total consideration, as described in the Agreement. See Exhibits A and B to the Agreement (attached as Exhibit 1) for the Secured Promissory Note and Pledge and Security Agreement, respectively.

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

Applicant performed a due diligence assessment of Insurer, which included the review of certain company-specific data and information. Applicant utilized this data and information, in combination with other industry-related data and information, to develop an indication of value given the facts and circumstances known at the time of the analysis. The amount of consideration and payment structure for the transaction is based on, and is a result of, an arm's length negotiation between Applicant and Insurer Parent.

- (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

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.**

Insurer currently provides managed care health plan services to individuals eligible for coverage under Medicare, including the state of Michigan. Additionally, Insurer recently won a contract to provide services to individuals eligible for coverage under the Michigan Medicare-Medicaid Plan ("MMP") State Demonstration to Integrate Care for Dual Eligible Individuals. Though not yet finalized by the State of Michigan, Insurer is planning for the MMP to commence on or around May 1, 2015 for the two Regions awarded to Insurer.

Applicant currently does not have any plans or proposals for the Insurer to declare a dividend, to liquidate the Insurer, to sell any of its significant assets, to merge it with any person or persons, or to make any other material changes in its business operations.

Consistent with the State of Michigan's stated objectives for continuous improvements in Quality and Insurer effectiveness, Applicant may choose to make material and/or non-material changes to Insurer's business operations, corporate structure and/or management, as may be required, or as Applicant may see fit, to improve service to members, as well as to run the business operations effectively and efficiently.

- (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.**

Consistent with the State and Federal requirements for the Michigan MMP State Demonstration to Integrate Care for Dual Eligible Individuals, the Insurer intends to meet all regulatory requirements established for the Program. Per the latest communicated timeframes, the Program will commence for the two awarded Regions on May 1, 2015, and continue as a demonstration program for a stated duration of three full calendar years through December 31, 2018, with the potential for extensions or renewals as negotiated by the State and CMS.

Marketing for the MMP will follow strict guidelines established by the State and CMS as a Medicare Advantage Plan. The Insurer will comply with those provisions; complete guidelines remain in development by the State and CMS.

Please refer to Exhibit 4 for a five year pro-forma statutory balance sheet and income statement.

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.

The number of voting shares to be initially acquired is 100, which is 100% of the total issued and outstanding shares of capital stock of Insurer at the closing of the transaction.

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.

None

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 understandings have been entered into.

None, except for the contemplated transaction as described within this Form A and in the Agreement (attached as Exhibit 1).

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.

Not applicable. No shares have been purchased.

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 following exhibits and financial statements are attached to this Form A:

- Exhibit 1 Note Subscription and Plan Purchase Agreement and Amendments
- Exhibit 2 Organizational Chart
- Exhibit 3 List of Directors and Executive Officers of Applicant with Biographical Affidavits
- Exhibit 4 Five Year Pro-Forma
- Exhibit 5 Applicant's Form 10-K for Years 2009 through 2013

- Exhibit 6 Applicant's Form 10-Q for Quarter Ended March 31, 2014, June 30, 2014, and September 30, 2014
- Exhibit 7 Applicant's Proxy Statements

- (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.

Please refer to Exhibits 5 and 6 for Applicant's Form 10-K for the preceding five (5) fiscal years and Form 10-Q for quarter ended March 31, 2014, June 30, 2014, and September 30, 2014.

- (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.**

Except for the contemplated transaction as described within this Form A and in the Agreement (attached as Exhibit 1), there are no tender offer for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the Insurer. Insurer is not publicly traded and therefore does not issue proxy statements.

Please refer to Exhibits 5 and 7 for copies of annual reports and proxy statements of the Applicant for the last two fiscal years.

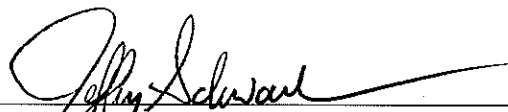
ITEM 13. SIGNATURE AND CERTIFICATION

SIGNATURE

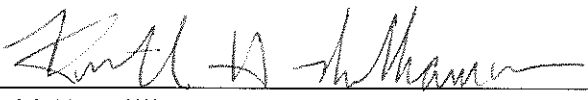
Pursuant to the requirements of Section 1311 of the Insurance Code of 1956, as amended, Centene Corporation has caused this application to be duly signed on its behalf in the City of St. Louis and State of Missouri on the 16th day of January, 2015.

(SEAL)

CENTENE CORPORATION

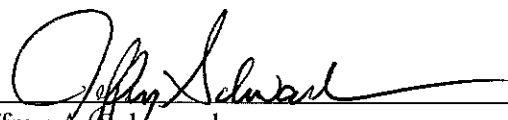
By 
Jeffrey A. Schwaneke
Senior Vice President, Corporate Controller
and Chief Accounting Officer

Attest:


Keith H. Williamson
Executive Vice President, General Counsel and Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated January 16, 2015, for and on behalf of Centene Corporation; that he is the Senior Vice President, Corporate Controller and Chief Accounting Officer of such company 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.


Jeffrey A. Schwaneke