

FORM A

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

Reliance HMO, Inc.
(the "Domestic Insurer")

By

Commonwealth Care Alliance, Michigan, LLC
(“Applicant”)

Filed with the Michigan Department of Insurance

Dated: September 15, 2021

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

H. Michael Byrne
McDermott Will & Emery LLP
One Vanderbilt Avenue
New York, NY 10017-3852
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Applicant, a Massachusetts limited liability company, submits this Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (this "Form A") with respect to the proposed acquisition of control of Reliance HMO, Inc., a Michigan-domiciled health maintenance organization (the "Domestic Insurer") as further described in Item 1(b) below (the "Proposed Acquisition"). Applicant respectfully requests the prior approval of the Michigan Insurance Commissioner ("Commissioner") for the Proposed Acquisition. Applicant and its current business operations are described generally in Item 2 of this Form A.

ITEM 1. INSURER AND METHOD OF ACQUISITION

(a) The name and address of the Domestic Insurer are:

Reliance HMO Inc.
23900 Orchard Lake Rd., Suite 210
Farmington Hills, MI 48336-2512

(b) Method of Acquisition

On September 15, 2021, Commonwealth Care Alliance Michigan, LLC, a Michigan limited liability company, ("Applicant"), Reliance HMO, Inc., a Michigan corporation (the "Domestic Insurer") (each a "Seller", and collectively, the "Sellers"), and Shareholder Representative Services, LLC, a Delaware limited liability company, in its capacity as the representative of the Sellers, entered into a Stock Purchase Agreement (the "Agreement"). Pursuant to and subject to the terms and conditions set forth in the Agreement, the Sellers will sell to Applicant, Company Securities such that, upon consummation of the transactions contemplated by the Agreement, Applicant will own 70% of the outstanding shares of each class or series of capital stock of the Domestic Insurer as set forth in the Agreement. A copy of the Agreement is attached hereto as Exhibit A. All summaries and descriptions of, and references to, the Agreement made herein are qualified in their entirety by the terms and conditions of the Agreement.

As part of the Proposed Acquisition, the parties will enter into the Management and Professional Services Agreement described in Item 5 below under which___ will provide certain Management and Professional services to the Domestic Insurer.

The parties to the Agreement desire to close the Proposed Acquisition as soon as possible, subject to receipt of required approvals from, and the making of required filings and notices with, the Commissioner and other customary closing conditions.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) The name and address of Applicant are:

Commonwealth Care Alliance Michigan, LLC
c/o Commonwealth Care Alliance, Inc.
30 Winter Street, 12th Fl
Boston MA 02108

(b) Nature of Applicant's Business Operations

Applicant is a Massachusetts limited liability company newly formed by Commonwealth Care Alliance, Inc., a Massachusetts nonprofit corporation ("CCA"), for purposes of the Proposed Acquisition. CCA is a nonprofit, community-based health care delivery system formed in 2003 and committed to the provision of integrated health care and related social support services, including food and housing security, accessing community resources, and transportation. Together with its subsidiaries, CCA serves over 40,000 members in Massachusetts, focusing on complex care for high needs individuals who are dually eligible for Medicaid and Medicare. CCA emphasizes sustainable and evidence-based healthcare breakthroughs that fill important gaps in care and improve the health and well-being of people with complex needs, including advocating for affordable, high-quality, and cost-effective healthcare policies that lead to healthcare equity for individuals who need it most. CCA's purpose is to maintain and operate a health maintenance organization or other licensed health insurer in conformity with the general laws of the Commonwealth of Massachusetts and the rules and regulations promulgated thereunder, and for any other lawful purpose.

(c) Organizational Charts

Attached as Exhibit B-1 is a chart showing Applicant's current organizational structure, including the identities and interrelationships among the Applicant and persons controlling, controlled by, or under common control with Applicant. There are no court proceedings pending involving a reorganization or liquidation of the Applicant or the affiliates of Applicant. The organizational structure of Applicant immediately following the Proposed Acquisition is shown on Exhibit B-2.

The organizational charts indicate the type of organization and the state or other jurisdiction of domicile of each entity listed or depicted therein. Unless otherwise indicated, the entities identified in the organizational charts own or control 100% of the voting securities or membership interests or are the general partners of their immediate downstream affiliates identified therein.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH APPLICANT

(a) Name and business address:

The names and business addresses of the directors and executive officers of Applicant and CCA are:

Name	Position	Business Address
Christopher D. Palmieri	President, Manager	30 Winter St., 12 th FL, Boston MA 02108
Courtney S. Murphy	Manager	30 Winter St., 12 th FL, Boston MA 02108
Lisa M. Fleming	Corporate Secretary, Manager	30 Winter St., 12 th FL, Boston MA 02108
Mihir A. Shah	Manager, Treasurer	30 Winter St., 12 th FL, Boston MA 02108
Don Stiffler	Manager	30 Winter St., 12 th FL, Boston MA 02108

(b), (c), (d), (e) Background Information Regarding Directors and Executive Officers. Biographical affidavits for the individuals listed in (a) above, including third party background check, are provided confidentially as Exhibit C.

To the best of Applicant's knowledge, none of these individuals has been convicted of any criminal proceeding, other than minor traffic violations, during the past ten years, except as otherwise may be provided in the biographical affidavits.

ITEM 4. NATURE, SOURCE, AND AMOUNT OF CONSIDERATION

(a) Nature, Source, and Amount of Consideration

Pursuant to the terms and conditions of the Agreement, Applicant will pay fifteen million four hundred thousand dollars (\$15,400,000) in cash to Sellers, subject to adjustment based on the Domestic Insurer's Statutory Net Worth at closing and to post-closing adjustment as provided in the Agreement, net of a withhold as set forth in the Agreement. Applicant has existing cash on hand to fund the entirety of the Acquisition. As a result, the Closing is not subject to any financing contingency.

There are no other agreements, contracts, arrangements, or understandings whether written or oral, entered into by Applicant or any of its affiliates with respect to any debt financing, except as described herein.

(b) Criteria used in determining the nature and amount of such consideration.

The nature and amount of the consideration to be paid in connection with the Proposed Acquisition was determined by arm's-length negotiations among the parties to the Agreement. Applicant performed due diligence and reviewed, among other things, the financial statements, operations, and material legal documents of the Domestic Insurer. Applicant utilized financial advisors, consultants, and legal counsel to assist it in its due diligence.

(c) Confidentiality of Identity of Lender

Not applicable.

ITEM 5. FUTURE PLANS OF INSURER

Except as described herein and in the confidential Plan of Operation attached hereto as Exhibit D, Applicant has no plans or proposals: (i) for the Domestic Insurer to declare a dividend; (ii) to liquidate the Domestic Insurer; (iii) to sell the Domestic Insurer's assets to or merge it with any other persons; or (iii) to make any material change in the Domestic Insurer's business operations or corporate structure or management.

The Domestic Insurer will also enter into employment agreements with certain key employees as follows:

- Nazmul Haque, M.D.
- Mohamed Siddique, M.D.
- Neil Belgiano, M.D.
- Gene Farber

Subject to the Commissioner's approval, Applicant also intends for the Domestic Insurer to enter into the following additional agreements, as described in the Plan of Operation:

- a. Management and Professional Services Agreement for applicant's provision of management and administrative services to the Domestic Insurer, in the form attached hereto as Exhibit E. (the "Management and Professional Services Agreement").

Applicant hereby requests the Commissioner's approval of these agreements as part of the Commissioner's review of this Form A.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

Pursuant to the Agreement, Applicant will acquire shares of the issued and outstanding securities of the Domestic Insurer representing 70% of the issued and outstanding shares of the Domestic Insurer.

The fairness of the Proposed Acquisition, including the nature and amount of consideration, was arrived at through arm's-length negotiations between unaffiliated parties and their respective advisors and counsel following customary due diligence.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Except as set forth in this Form A, Applicant, its affiliates, and the individuals named in Item 3 do not beneficially own or have the right to acquire beneficial ownership of the voting securities of the Domestic Insurer.

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

Except as set forth in this Form A and the Agreement, there are no contracts, arrangements, or understandings with respect to any voting securities of the Domestic Insurer in which Applicant, its affiliates, or any person identified 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.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Except as set forth in this Form A, there were no purchases of voting securities of the Domestic Insurer by Applicant, any of its affiliates, or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this Statement.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

There were no recommendations to purchase any voting security of the Domestic Insurer by Applicant, any of its affiliates, or any person listed in Item 3 or by anyone based on interviews with or at the suggestion of Applicant, any of its affiliates, or any person listed in Item 3 during the twelve (12) months preceding the filing of this Form A.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

There are no agreements, contracts, or understandings with any broker-dealer as to the solicitation of voting securities of the Domestic Insurer for tender, and no fees, commissions, or other compensation to be paid to broker-dealers.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) Exhibits

The following exhibits are attached to this Form A:

- Exhibit A Stock Purchase Agreement
- Exhibit B Organizational Charts
- Exhibit C NAIC Biographical Affidavits (**confidential**)
- Exhibit D Plan of Operation (**confidential**)
- Exhibit E Management and Professional Services Agreement
- Exhibit F-1 2020 Annual Financial Statement of the Ultimate Controlling Person
- Exhibit F-2 2019 Annual Financial Statement of the Ultimate Controlling Person
- Exhibit F-3 2018 Annual Financial Statement of the Ultimate Controlling Person
- Exhibit F-4 2017 Annual Financial Statement of the Ultimate Controlling Person
- Exhibit F-5 2016 Annual Financial Statement of the Ultimate Controlling Person
- Exhibit G Unaudited Financial Statement of the Ultimate Controlling Person as of June 30, 2020

Exhibit H Three-year Financial Projections for the Domestic Insurer (confidential)

(b) Financial Statements

Applicant is a newly formed entity and does not have audited annual or quarterly financial statements. Financial statements for CCA are attached as Exhibit F and Exhibit G.

(c) Annual Reports

Neither Applicant nor CCA deliver annual reports to shareholders or members.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within 15 days after the end of the month in which the acquisition of control occurs.

[Remainder of page intentionally blank. Signature page follows.]

ITEM 14. SIGNATURE AND CERTIFICATION

SIGNATURE

Pursuant to the requirements of Section 1311 of the Ins. Code of 1956, as amended, Christopher Palmieri caused this application to be duly signed on its behalf in the City of Boston and state of Massachusetts on the 21st day of September, 2021.

(SEAL)

By: 

Name: Christopher Palmieri
Title: President & CEO

Attest:



Name: Elsie Gray
Title: Special Assistant to the President & CEO

CERTIFICATION

The undersigned deposes and says that she or he has duly executed the attached application dated September 21, 2021, for and on behalf of Christopher Palmieri, that she or he is the President & CEO of such company and that she or he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such 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.



Name: Elsie Gray