

FORM A

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

PARAMOUNT CARE OF MICHIGAN, INC.

(NAIC No. 95566)

BY

MEDICAL MUTUAL OF OHIO

(NAIC No. 29076)

Filed with the Insurance Department of Michigan (the "Department")

Dated: January 31, 2024

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

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EVP and Chief Legal Officer
Medical Mutual of Ohio
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Brooklyn, Ohio 44114
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**With copy to:
Douglas L. Anderson
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Columbus, Ohio 43215
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INTRODUCTION AND OVERVIEW OF PROPOSED ACQUISITION

This Form A Statement (the “Form A”) Regarding the Acquisition of Control of a Domestic Insurer seeks the prior approval of the Director of the Michigan Department of Insurance and Financial Services (the “Michigan Director”) for the acquisition of control by Medical Mutual of Ohio, an Ohio non-profit mutual insurance company (the “Applicant”) of Paramount Care of Michigan, Inc., a Michigan non-profit stock corporation operating as a Michigan health maintenance organization (the “Domestic Insurer”), which is a wholly owned subsidiary of ProMedica Insurance Corporation, an Ohio non-profit corporation (the “Parent”).

The Applicant respectfully requests that (i) the Applicant be notified in advance of any proposed public disclosure of this Form A by the Department and (ii) the Applicant be given a reasonable opportunity to seek a protective order or take other action to prevent or limit any such disclosure, if necessary.

ITEM 1. METHOD OF ACQUISITION

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

Response:

Paramount Care of Michigan, Inc.
214 E. Elm Ave, Ste 107
Monroe, MI 48162
FEIN No.: 38-3200310
NAIC No. 95566

Control of the Domestic Insurer is proposed to be acquired pursuant to the Purchase Agreement, dated as of January 26, 2024, between the Applicant, Parent and ProMedica Health System, Inc. (the “Purchase Agreement”), a copy of which, without exhibits and disclosure schedules, is attached at Exhibit 1, whereby, subject to the terms and conditions thereof, Parent will sell to Applicant, and Applicant will purchase from Parent, all of the issued and outstanding shares of the Domestic Insurer in an all cash transaction (the “Proposed Acquisition”).

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

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

Response:

Medical Mutual of Ohio
100 American Road
Brooklyn, Ohio 44114
FEIN No. 34-0648820

(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. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.

Response: The Applicant is a mutual insurance company that was originally incorporated in 1934 and has operated over the past eighty years as a health insurance company, offering to individuals and large and small groups in the state of Ohio a complete line of health insurance products, as well as ancillary coverages such as vision care, dental care, and prescription drug coverages. The Applicant also has certificates of authority to operate as an insurance company in Georgia, Indiana, Michigan, North Carolina, Pennsylvania, South Carolina, West Virginia, and Wisconsin. The Applicant intends to continue to conduct such business.

(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). 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.

Response: Attached at Exhibit 2 is a current organizational chart that presents the identities of the interrelationships among the Applicant and all affiliates of the Applicant and a post-closing chart showing the identities of the interrelationships among the Applicant, the Domestic Insurer, and other Transferred Companies as such term is defined in the Purchase Agreement following completion of the Proposed Acquisition. For each entity identified, the organizational chart identifies the type of organization, primary business, and the state or other jurisdiction of domicile. No court proceedings looking toward a reorganization or liquidation are pending with respect to any entity on the chart. Immediately after the Proposed Acquisition, all of the issued and outstanding shares of the Domestic Insurer will be wholly owned by Applicant. Applicant will control the Domestic Insurer by ownership of voting securities.

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

On the biographical affidavit, include a third party background check and 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 if the applicant is not an individual.

Response: Applicant is not an individual, but a mutual insurance company owned by its policyholders. No policyholder has a 10% or more interest in the voting securities of the Applicant. The individuals who are the executive officers and directors of the Applicant are listed below. Attached at Exhibit 3 are the Form 11-Biographical Affidavits for each director and executive officer of Applicant listed below.

Applicant also confirms that third-party verification reports of the executive officers and directors of the Applicant will be sent to the Department by a background check vendor approved by the NAIC and the Department.

Below are the members of the Board of Directors of Applicant:

1. Robert J. King, Jr. – Chairman of the Board
2. Steven C. Glass – President and CEO
3. Frederick D. DiSanto
4. Terrance C.Z. Egger
5. Kathleen S. Hanley
6. Michael K. Keating
7. Darrell L. McNair
8. Greta J. Russell

Below are the executive officers of Applicant:

1. Steven C. Glass – President and CEO
2. Anthea Daniels, Esq. – EVP and Chief Legal Officer and Secretary
3. Anthony Helton – EVP and Chief Financial Officer and Treasurer
4. John Kompare, Jr. – EVP and Chief Corporate Strategy and Product Officer
5. Thomas Dewey – EVP and Chief Corporate Operations Officer
6. Andrea Hogben – EVP and Chief Marketing, Corporate Affairs and People Officer
7. Chris Donovan – EVP and Chief Data and Information Officer

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.

Response: The compensation to be paid by Applicant for the Domestic Insurer is detailed in the Purchase Agreement attached at Exhibit 1. The consideration is a dollar amount equal to (a) One Hundred Twenty-Five Million Dollars (\$125,000,000), (b) plus any Risk-

Based Capital Adjustment Overage, (c) minus any Risk-Based Capital Adjustment Underage, (d) minus the Transaction Expenses, (e) minus the Escrow Amount. Please see Article II, Sections 2.04 of the Purchase Agreement attached at Exhibit 1. The consideration is for all of the Transferred Companies as defined in the Purchase Agreement, not solely the Domestic Insurer. The Applicant has not allocated a specific amount of the consideration for the purchase of the Domestic Insurer.

The Applicant will pay cash from its general corporate funds to effect the Proposed Acquisition. None of such cash is represented by or is to be represented by funds or other consideration borrowed or otherwise obtained for the purposes of acquiring, holding or trading securities. No assets of Applicant will be pledged or hypothecated related to the Proposed Acquisition.

The source of consideration for the Proposed Acquisition is not a loan.

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

Response: The basis and terms of the Purchase Agreement, including the nature and amount of consideration to be paid, were determined after a competitive bidding process by arms' length negotiation between unrelated parties with advice of their respective financial, legal, and other advisors. The amount and type of consideration were determined in view of the financial position and results of operation of the Domestic Insurer and arms' length valuations of their assets and operations. Also taken into consideration were past and present business operations, historical and potential earnings, financial condition and prospects, assets and liabilities and such other information as the parties to the Proposed Acquisition considered relevant under the circumstances.

(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.

Response: The source of consideration for the Proposed Acquisition is not a loan.

ITEM 5. FUTURE PLANS OF INSURER

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.

Response: There are presently no plans to declare an extraordinary dividend, to liquidate or dissolve the Domestic Insurer, sell any asset of the Domestic Insurer, enter into any rental, leasing, service or financial, or other arrangements with Domestic Insurer. After the transaction closes and the Domestic Insurer is acquired, the Applicant may but has not yet decided whether to merge the Domestic Insurer into an existing HMO operated by and affiliated with Applicant and for the merged company to continue to be licensed in Michigan. Applicant will work with the Department with respect to any such transaction

and will make all regulatory filings and obtain all approvals prior to effecting such a transaction.

The Applicant plans to allow the Domestic Insurer to operate in a manner materially consistent with the Domestic Insurer's pre-closing operations. The Domestic Insurer will continue to offer commercial and individual health insurance products to serve the healthcare needs of current and prospective groups and members in Southeastern Michigan. The marketing and distribution of these health insurance products will be consistent with historical operations. The Applicant provides extensive experience in the commercial and individual health insurance industries along with a strong capital base. The Applicant is committed to serving the people of Southeastern Michigan and will continue to provide the capital and investment necessary for the Domestic Insurer to deliver a best-in class product and member experience.

Applicant plans to replace the current officers and directors of the Domestic Insurer at the time of closing. As to directors, when the transaction closes, the following individuals will serve as directors of the Domestic Insurer:

- Steven Glass
- Anthony Helton
- Anthea Daniels
- John Kompare
- Andrea Hogben

As to officers, when the transaction closes, Mr. Glass will serve as President and CEO, Mr. Helton as Treasurer and Ms. Daniels as Secretary of the Domestic Insurer.

These individuals are identified in Item 3 above because they are also executive officers of the Applicant. Biographical affidavits for these officers and directors of the Domestic Insurer post-closing are provided with this Application, and background checks will be provided to the Department.

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.

Response: The authorized capital stock of Domestic Insurer consists of sixty thousand (60,000) shares of common stock, of which one (1) share is issued and outstanding. As set forth in the Purchase Agreement, Parent will sell to Applicant, and Applicant will purchase from Parent, all of the issued and outstanding stock of Domestic Insurer in an all-cash transaction. The fairness of the proposal was evaluated by ensuring that the disapproval criteria under M.C.L.A. 500.1315 did not apply.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

State the amount of each class or 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.

Response: The Applicant currently does not own or control any voting securities of the Domestic Insurer. The Applicant's right to acquire voting securities of the Domestic Insurer is set forth in the Purchase Agreement attached at Exhibit 1. No affiliate of Applicant or person identified in Item 3 above has any ownership or right to acquire any voting securities of the Domestic Insurer. There are no policyholder proxies for the Domestic Insurer held by anyone.

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.

Response: Except as set forth in the Purchase Agreement, attached at Exhibit 1, there are no contracts, arrangements or understandings, whether oral or in writing, directly or indirectly relating to any voting securities of the Domestic Insurer in which the Applicant, its affiliates or any person listed in Item 3 above is involved, including but not limited to transfer any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division or losses or profits, or the giving or withholding of proxies.

Except for the Purchase Agreement, there are no other tender offers, requests or agreements to acquire or exchange voting securities of the Domestic Insurer.

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, therefore. State whether any shares so purchased are hypothecated.

Response: None

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.

Response: 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.

Response: None

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements, exhibits, and three-year financial projections of the insurer(s) shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached. Also provide a three-year narrative business plan which describes the types of business to be written by the insurer, and marketing plan. The financial projections shall include 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.

(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 if the information is available. The statements may be prepared on either an individual basis, or, unless the Director 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.

Any ultimate controlling person who is an individual may file personal financial statements that are reviewed rather than audited by an independent public accountant. The review shall be conducted in accordance with standards for review of personal financial statements published in the Personal Financial Statements Guide by the American Institute of Certified Public accountants. Personal financial statements shall be accompanied by the independent public accountants Standard Review Report stating that the accountant is not aware of any material modifications that

should be made to the financial statements in order for the statements to be in conformity with generally accepted accounting principles.

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position 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.

(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 or the insurer and the applicant for the best two fiscal years, and any additional documents or papers required by Form A forms and instructions for Sections 4 and 6.

Response: Each Annual Financial Statement attached hereto contains the Report of Independent Auditors stating that the financial statements present fairly the financial position of the Applicant. Attached hereto as Exhibit 4 are Annual Statutory Financial Statements and Audited Financial Statements for Applicant for the past five years, dating back to 2018.

The complete financial statements were filed with the Department as part of the Applicant's annual Statements and prepared in accordance with applicable accounting principles.

Pro Forma financials for the Domestic Insurer with a narrative business plan are attached as Exhibit 5. The financial statements were prepared in accordance with statutory accounting principles.

Domestic Insurer has not published any annual reports to stockholders.

Except for the Purchase Agreement, there are no other tender offers, requests, agreements to acquire or exchange voting securities of the Domestic Insurer, or additional soliciting material relating thereto.

There is no proposed employment, consultation, advisory or management contracts concerning the Domestic Insurer.

Applicant has no plans to change the Domestic Insurer's reinsurance program, amount, timing, and type of capital contributions, proposed changes to the insurer's executive

officers and directors, and compliance plan with the "books and records in Michigan" requirement of Section 5256.

ITEM 13. AGREEMENT REQUIREMENT FOR ENTERPRISE RISK MANAGEMENT

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

- **Response:** Applicant so agrees.

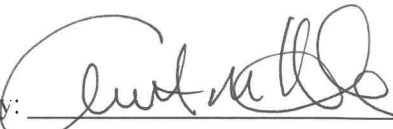
ITEM 14. SIGNATURE AND CERTIFICATION

SIGNATURE

Pursuant to the requirements of Section 1311 of the Ins. Code of 1956, as amended, Medical Mutual of Ohio has caused this application to be duly signed on its behalf in the City of Brooklyn and State of Ohio on the 31st day of January, 2024.

(Seal)

Medical Mutual Ohio

By: 
Name: Anthony M. Helton
Title: Executive VP, CFO and Treasurer

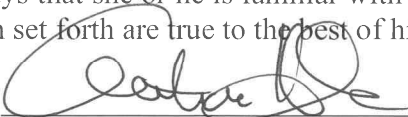
Attest:


(Signature of Officer)

Anthea R. Daniels, Secretary
(Title)

CERTIFICATION

The undersigned deposes and says that she or he has duly executed the attached application dated January 31, 2024, for and on behalf of Medical Mutual of Ohio; that he is the Executive VP, CFO and Treasurer of such company and that 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) 
Anthony M. Helton