

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF THE APPLICATION
FOR APPROVAL OF THE PROPOSED
PROPOSED ACQUISITION OR CHANGE IN
CONTROL OF ARKANSAS COMMUNITY CARE, INC.,
NAIC # 12282, BY APPLICANTS, HUMANA INC.
AND HUMSOL, INC.**

A.I.D. NO. 2011- 164

ORDER

On November 10, 2011 at 1:00 p.m., in the Hearing Room of the Arkansas Insurance Department (the "Department"), in accordance with the provisions of Ark. Code Ann. §§ 23-61-109, 23-61-303, 23-63-501, *et seq.*, and other pertinent provisions of the Arkansas Insurance Code, a public hearing was held regarding the acquisition of control of Arkansas Community Care, Inc. ("ACC") by the Applicants, Humana Inc. and Humsol, Inc. (collectively "Applicants") The Statement Regarding the Acquisition of Control of a Domestic Insurer or HMO (the "Acquisition Statement") was filed by the Applicants on or about September 26, 2011. The hearing was held before Lenita Blasingame, Hearing Officer, as designated by the Insurance Commissioner for the State of Arkansas ("Commissioner"). The Department was represented by Ms. Amanda Capps Rose, Associate Counsel, and Ms. Brenda Haggard, Manager of Financial Analysis. Present on behalf of ACC was its counsel, Mitchell, Williams, Selig, Gates and Woodyard PLLC. Representing the Applicants were Joseph C. Ventura, Gary Goldstein, Christian Patterson and its outside counsel, Squire, Sanders & Dempsey (US) LLP.

FINDINGS OF FACT

From the Acquisition Statement, testimony of witnesses, and other evidence presented at the hearing, including exhibits filed in connection therewith, reports and statements on file with

the Department, representations of counsel, and other matters and things considered, the Commissioner finds that:

1. ACC is an Arkansas domiciled health maintenance organization, NAIC No. 12282.
2. All persons attending the hearing were provided the opportunity to present evidence, examine witnesses, and/or offer argument or objection. Applicants presented evidence and argument through counsel and through the testimony of the representatives of the Applicants.
3. Representatives of the Applicants testified that no director, officer, agent or employee of ACC received any fee, commission, compensation or other valuable consideration whatsoever for in any manner acting, promoting or assisting the proposed acquisition of ACC by the Applicants.
4. Representatives of the Applicants testified that, in their opinion:
 - (a) The acquisition of ACC did not violate any law;
 - (b) The acquisition of ACC was not inequitable to ACC's shareholders;
 - (c) The acquisition of ACC did not substantially reduce the security of and service rendered to ACC's policyholders;
 - (d) After the change of control, ACC will be able to satisfy the requirements for the issuance of a license to write the line(s) of business for which it is presently licensed;
 - (e) The effect of the acquisition will not substantially lessen competition in insurance in Arkansas or tend to create a monopoly in Arkansas;
 - (f) The financial condition of the Applicants will not jeopardize the financial

stability of the insurer or prejudice the interest of its policyholders or the interests of any remaining security holders who are affiliated with the Applicants;

(g) The terms of the acquisition are fair and reasonable to the security holders of ACC;

(h) Any plans or proposals which the Applicants have to liquidate ACC, sell its assets, or consolidate or merge it with any person, or make any other material change in its business or corporate structure or management are reasonable and fair to policyholders of ACC and are in the public interest; and

(i) The competence, experience and integrity of those persons who would control the operation of ACC are such that it would be in the interest of policyholders of ACC and the public to permit the acquisition of control.

5. The Applicants, Humana Inc. and its merger subsidiary Humsol, Inc., are both located at 500 West Main Street, Louisville, Kentucky 40202 and are both incorporated as Delaware corporations.

6. No objections were made at the hearing or otherwise to the proposed acquisition of ACC by the Applicants.

7. Testimony indicated that the anticipated closing date for the acquisition of ACC is three days after satisfaction of all closing conditions.

CONCLUSIONS OF LAW

Based upon the foregoing Findings of Fact, the Commissioner concludes as follows:

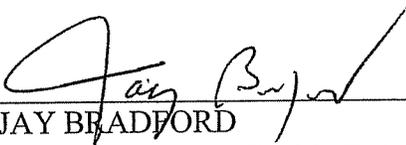
1. That the Commissioner has jurisdiction over the parties and the subject matter herein.

2. That the acquisition of control would not tend to adversely affect the contractual obligations of ACC or its ability to render service in the future to its policyholders and the public.
3. That the effect of the acquisition of control of ACC would not substantially lessen competition in any line of insurance business in any section of the State of Arkansas or tend to create a monopoly therein.
4. That the acquisition of control of ACC will not jeopardize the financial stability of ACC or prejudice the interests of their policyholders. Therefore, the acquisitions should be approved.
5. That, other than as described in the Acquisition Statement, neither Applicant has any plans or proposals to liquidate ACC, sell its assets or consolidate or merger its assets with any person, or to make any other material change in the business, corporate structure, or management of ACC.
6. That the plans or proposals of the Applicants with respect to ACC as set forth in the Acquisition Statement, and as presented at the hearing, are fair and reasonable to policyholders of ACC and in the public interest.
7. That the competence, experience, and integrity of those persons who would control the operations of ACC are such that the acquisition of control would not tend to adversely affect the general capacity or intention of ACC to transact the business of a health maintenance organization in a safe and prudent manner.
8. That the Acquisition Statement submitted by the Applicants is substantially complete.

NOW, THEREFORE, IT IS ORDERED AS FOLLOWS:

1. The acquisition of control of ACC by the Applicants is hereby APPROVED.
2. The acquisition of control of ACC by the Applicants, as described in the Acquisition Statement and exhibits thereto, is hereby APPROVED. However, should the Commissioner have any concerns upon receipt by the Department of third party background checks, in a form acceptable to the Department, on all executive officers and directors requiring a third party background check in connection with this acquisition, the Applicants and ACC agree to address those concerns in a prompt and reasonable manner.

It is so ORDERED this 14th day of November, 2011.



JAY BRADFORD
ARKANSAS INSURANCE COMMISSIONER