

BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

IN THE MATTER OF THE APPLICATION FOR
APPROVAL OF ACQUISITION OF CONTROL OF
CARE IMPROVEMENT PLUS SOUTH CENTRAL
INSURANCE COMPANY BY UNITED HEALTHCARE
SERVICES, INC.

AID NO. 2012- 045

ORDER

On January 27, 2012, 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, and 23-63-501, *et seq.*, and other pertinent provisions of the Arkansas Insurance Code, a Public Hearing was held concerning the Statement Regarding The Acquisition Of Control Of Or Merger With A Domestic Insurer ("Form A") filed by United HealthCare Services, Inc. (the "Applicant") seeking approval of the acquisition of control of Care Improvement Plus South Central Insurance Company, as detailed in the Form A dated and filed with the Department on December 2, 2011, the exhibits thereto, and the supplemental filings in relation thereto.

The hearing was held before Ms. Lenita Blasingame, Chief Deputy Commissioner ("Hearing Officer"), pursuant to Ark. Code Ann. § 23-61-103(e). The Department was represented by Ms. Amanda Capps Rose, Associate Counsel, and Ms. Brenda Haggard, Manager of Financial Analysis. Representing the Applicant were Mr. Jay Warmuth, Deputy General Counsel, and Mr. T. Ark Monroe, III of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C. Ms. Ragenea K. Thompson, Insurance Regulatory Counsel, attended the hearing on behalf of XLHealth Corporation and Care Improvement Plus South Central Insurance Company.

FINDINGS OF FACT

From the Form A, testimony of witnesses and other evidence produced at the hearing (including exhibits filed in connection therewith, reports, correspondence, financial information, business plans, and the statements on file with the Department, representations of counsel and other matters and things considered) the Commissioner finds that:

1. Care Improvement Plus South Central Insurance Company “”is an Arkansas domiciled Accident and Health insurer limited to Medicare only products, NAIC No. 12567, duly licensed and in good standing under the laws of the State of Arkansas and is a wholly-owned direct subsidiary of XLHealth Corporation (“XLHealth”), a Maryland corporation.
2. The Applicant is a wholly-owned subsidiary of UnitedHealth Group Incorporated (“UnitedHealth”), a publicly traded Minnesota general business corporation.
3. All persons attending the hearing were provided the opportunity to present evidence, examine witnesses, and/or offer argument or objection. The Applicant presented evidence and argument through counsel and through testimony of the representative of the Applicant.
4. The representative of the Applicant testified that, in his opinion:
 - (a) The acquisition of Care Improvement Plus South Central Insurance Company will not violate any law;
 - (b) The terms of the acquisition are fair and reasonable;
 - (c) The acquisition of Care Improvement Plus South Central Insurance Company will not substantially reduce the security of and service to be rendered to Care Improvement Plus South Central Insurance Company’s policyholders and the public;

(d) After the change of control, Care Improvement Plus South Central Insurance Company 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 an monopoly in Arkansas;

(f) The financial condition of the Applicant will not jeopardize the financial stability of Care Improvement Plus South Central Insurance Company or prejudice the interest of its policyholders or the interests of any remaining security holders who are affiliated with the Applicant;

(g) Other than as set forth in the Form A and exhibits thereto, there are no current plans or proposals which the Applicant has to liquidate Care Improvement Plus South Central Insurance Company, 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. Any changes included in the Form A and exhibits thereto are reasonable and fair to policyholders of Care Improvement Plus South Central Insurance Company and are in the public interest; and

(h) The competence, experience and integrity of those persons who would control the operation of Care Improvement Plus South Central Insurance Company are such that it would be in the interest of Care Improvement Plus South Central Insurance Company's policyholders and the public to permit the acquisition of control.

5. No objections were made at the hearing or otherwise to the proposed acquisition of Care Improvement Plus South Central Insurance Company by the Applicant.

CONCLUSIONS OF LAW

Based upon the above and foregoing Findings of Fact and other matters before the designated Hearing Officer, the Hearing Officer finds and concludes that the proposed

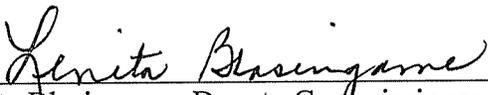
acquisition will not violate applicable law, that none of the conditions specified in Ark. Code Ann. § 23-63-510 as preclusions for the approval of the Form A exist, and that the proposed acquisition of control of Care Improvement Plus South Central Insurance Company should be approved as provided in the Form A, the exhibits thereto, and as described in this Order.

RECOMMENDATIONS OF THE HEARING OFFICER

WHEREFORE, based upon the foregoing Findings of Fact, Conclusions of Law, and other matters before the Hearing Officer, the Hearing Officer recommends:

1. The proposed acquisition of control of Care Improvement Plus South Central Insurance Company, pursuant and subject to the terms and conditions of Form A and as described in the Findings of Facts and Conclusions of Law should be approved in all respects;

2. That the customary third party background checks of Ms. Cynthia Polich and Ms. Michelle Huntley Dill, each of whom is associated with Applicant will be promptly delivered to the Department for review. The Department may request additional information from any of the Individuals after the Department's receipt of the third party background checks. Further, should the Department have any concerns with the information included in the third party background checks for the Individuals, the Applicant and CIPSC agree to address the Department's concerns in a prompt and reasonable manner.



Lenita Blasingame, Deputy Commissioner,
Hearing Officer

CERTIFICATION

I, Jay Bradford, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law, and Recommendations of the Hearing Officer

were made by and under my authority and supervision by Lenita Blasingame, Chief Deputy Commissioner and Hearing Officer in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law, and Recommendations in full and enter this Order.

IT IS THEREFORE ORDERED, that the acquisition by Applicant of Care Improvement Plus South Central Insurance Company, in accordance with and pursuant to the terms of the Form A and all exhibits thereto, is hereby APPROVED.

IT IS FURTHER ORDERED THAT the third party background checks of Ms. Cynthia Polich and Ms. Michelle Huntley Dill, each of whom is associated with Applicant will be promptly delivered to the Department for review. The Department may request additional information from any of the Individuals after the Department's receipt of the third party background checks. Further, should the Department have any concerns with the information included in the third party background checks for the Individuals, the Applicant and Care Improvement Plus South Central Insurance Company agree to address the Department's concerns in a prompt and reasonable manner.

IT IS SO ORDERED this 27th day of January, 2012.


JAY BRADFORD
ARKANSAS INSURANCE COMMISSIONER