



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

Wisconsin.gov

November 12, 2013

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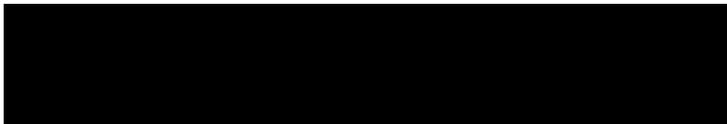
CHRISTINA CHOI ATTORNEY
QUARLES & BRADY LLP
33 EAST MAIN STREET
SUITE 900
MADISON WI 53703

Re: Form A – Acquisition of Control of Physicians Plus Insurance Corporation (“PPIC”) by Iowa Health System (d/b/a UnityPoint Health)

Dear Ms. Choi:

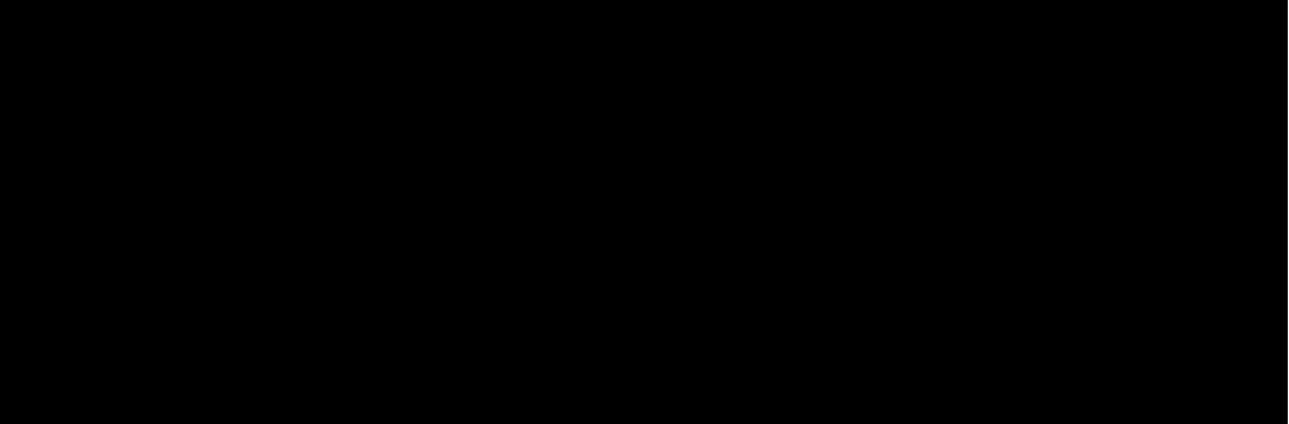
The State of Wisconsin Office of the Commissioner of Insurance (the “Department” or “OCI”) has completed its initial review of the above-referenced Form A filing submitted on November 1, 2013 by UnityPoint Health (“Applicant”). Our review identified certain items that were either missing from the application, or which require follow-up, as indicated below. **To ensure that the Form A review continues to move forward expeditiously, please provide the following information at your earliest convenience:**

1. Biographical Affidavits: The Biographical Affidavits (Questionnaire for Form A) submitted by the following individuals were incomplete. [Specifically, there was no response to items 4, 5 or 6.] Please submit completed Biographical Affidavits for the following individuals:



[Please note: If the response to an Item is “not applicable”, or “no”, please state this in the Biographical Affidavit.]

2. Meriter’s Purchase of PPIG’s Interest: The Form A indicates that Meriter Health Systems, Inc. (“Meriter”) intends to purchase all of Physicians Plus Investment Group’s ownership interest in PPIC prior to the closing. Please provide the following information:
 - (a) When this transaction is expected to take place?
 - (b) Please provide a copy of the executed purchase agreement (when available).
 - (c) Please provide an explanation as to how the “fair market valuation” of the PPIC shares was (or will be) determined.
3. Meriter/PPIC Board Resolutions: Please provide a copy of the resolution(s) of the Meriter Board of Directors approving and authorizing the Affiliation transaction, including the resolution to amend Meriter’s Articles and Bylaws, and a copy of the PPIC Board resolution approving the necessary amendments to its Articles and Bylaws.
4. Amended Articles and Bylaws: Please provide copies of the proposed Amended Articles and Bylaws for the following entities (which will be effective following the closing of the Affiliation transaction):
 - UnityPoint Health
 - Meriter Health Systems, Inc.
 - Physicians Plus Insurance Corporation

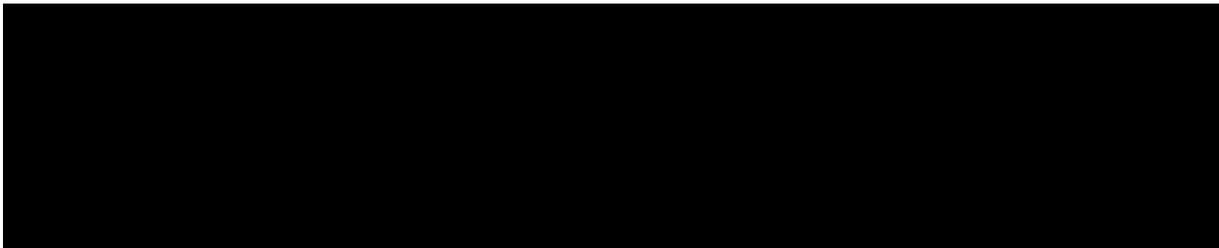
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6. Affiliation Agreement – Article 5: Article 5 of the Affiliation Agreement was marked “RESERVED”. Please discuss whether the Parties intend to amend this agreement. If applicable, please discuss what Article 5 was intended to address.
 7. Legacy Surplus Notes: Section 6.1(f) addresses the repayment of the Legacy Surplus Notes, but does not mention that any repayment of principal and interest on these surplus notes is subject to OCI’s prior approval. Please confirm that the Applicant is aware that any repayment of principal and interest on these surplus notes is subject to prior approval by OCI.
 8. Capital Requirements - PPIC: Please discuss whether the Applicant is committed to maintaining a target level of capital and surplus for PPIC (i.e. – a threshold RBC ratio), and how the Applicant intends to ensure that the target level of capital and surplus is maintained.
 9. PPIC’s Affiliated Agreements: Please explain whether all existing agreements between PPIC and its Meriter affiliates will continue as is after the closing of the proposed affiliation.

If applicable, please discuss whether PPIC intends to submit a Form D filing (pursuant to s. Ins 40.17, Wis. Adm. Code) regarding the PPIC affiliated agreements which will be terminated and/or amended following the closing.

10. UnityPoint Health – Corporate Services: Per Section 3.4(b)(4) of the Affiliation Agreement, Meriter (and its affiliates) intend to begin utilizing the corporate services offered by UnityPoint Health upon closing (or soon thereafter), taking into account operational efficiencies and existing contractual obligations. Please discuss whether PPIC will be entering into an administrative services agreement with UnityPoint Health following the closing.

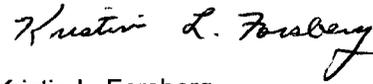
If applicable, please provide a copy of the proposed administrative services agreement between PPIC and UnityPoint Health, along with an explanation as to how these services will not be duplicative of the services provided under PPIC’s existing/continuing administrative services agreements.

11. Exhibits to the Affiliation Agreement: The following Exhibits (referenced in the Affiliation Agreement) were not attached to the Affiliation Agreement, and were not otherwise included with the Form A filing. Please provide a copy of the following Exhibits:



Please feel free to call me at (608) 266-9896, or email me at kristin.forsberg@wisconsin.gov if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Kristin L. Forsberg". The signature is written in a cursive style with a large, stylized initial 'K'.

Kristin L. Forsberg
Insurance Financial Examiner, Licensing Specialist
Bureau of Financial Analysis and Examinations
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