

In the Matter of the Acquisition of Control of
Humana Insurance Company,
HumanaDental Insurance Company,
Humana Wisconsin Health Organization Insurance Corporation, and
Independent Care Health Plan

PROPOSED DECISION

by

Aetna Inc.

Case No. 15-C40896

Petitioner.

James C. Boll, Hearing Examiner, Presiding

HEARING APPEARANCES

For the Office of the
Commissioner of
Insurance (OCI):

Present in person

Richard Wicka, Deputy Chief Legal Counsel
Rebecca Easland, Director, Bureau of Financial Analysis and Examinations
Kristin Forsberg, Company Licensing Specialist

For the Petitioners:

Present in person

Gregg Martino, (Aetna)
Steve Whitmer, (External Counsel, Locke Lord)
Tim Farber, (External Counsel, Locke Lord)

For the Wisconsin
Domestic Insurers:

Present in person

Joseph Ventura, (Humana)
Elena Coyle, (External Counsel, Skadden)
Michael Homison, (External Counsel Skadden)

Appearances by Interested Parties:

Present in Person

Gwendolyn Cooley, (Wisconsin Department of Justice)

Present by Phone

David Balto, (Law Offices of David Balto)

PRELIMINARY

Pursuant to a Notice of Hearing dated February 24, 2016, a hearing was held at 1:05 p.m. on March 30, 2016, to determine whether the Petitioner's application for approval of the plan for acquisition of control should be granted. Based on the record, the Hearing Examiner makes the following:

PROPOSED FINDINGS OF FACT

(1) Aetna Inc. ("Petitioner"), located in Hartford, Connecticut, is a Delaware-domiciled stock holding corporation, and the ultimate parent company for the Aetna insurance group.

(2) Humana Insurance Company, HumanaDental Insurance Company, Humana Wisconsin Health Organization Insurance Corporation, and Independent Care Health Plan (collectively, the "Wisconsin Domestic Insurers") are Wisconsin-domiciled stock insurance companies.

(3) The Petitioner filed with the Office of the Commissioner of Insurance ("Commissioner") an application for approval of the acquisition of control of the Domestic Insurer (the "Plan"), which included the Agreement and Plan of Merger dated as of July 2, 2015 among Aetna Inc., Echo Merger Sub, Inc., Echo Merger Sub, LLC and Humana Inc. (the "Merger Agreement").

(4) The Petitioner was served with a Notice of Hearing.

(5) The Petitioner fulfilled the filing requirements of s. Ins 40.02 and Ins 40.025, Wis. Adm. Code.

(6) The Plan, as required to be modified, will not violate the law or be contrary to the interest of the insureds of the Wisconsin Domestic Insurers or of the Wisconsin insureds of any participating nondomestic corporation.

(7) After the acquisition of control, the Wisconsin Domestic Insurers will be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which they are presently licensed.

(8) The effect of the acquisition of control will not be to create a monopoly or substantially to lessen competition in any type or line of insurance in Wisconsin.

(9) The financial condition of the Petitioner is not likely to jeopardize the financial stability of the Wisconsin Domestic Insurers or to prejudice the interests of their Wisconsin policyholders.

(10) There are no plans or proposals to make significant changes to the senior management or employees of the Wisconsin Domestic Insurers, to request an extraordinary dividend, to liquidate or sell their assets, to consolidate or merge them with any person, or to materially change their current operations. The Petitioner's Plan, after acquiring the voting shares, as described by the Petitioner, is fair and reasonable to the policyholders of the Wisconsin Domestic Insurers and in the public interest.

(11) The competence and integrity of the persons who will control the operation of the Wisconsin Domestic Insurers are such that it will be in the interest of the policyholders and the public to permit the acquisition of control.

PROPOSED CONCLUSION OF LAW

(12) The proposed findings of fact set forth above establish that the requirements of s. 611.72 and chs. 227 and 617, Wis. Stat., and ch. Ins 40, Wis. Adm. Code, have been satisfied and approval of the plan should be granted.

PROPOSED ORDER

NOW, THEREFORE, based upon the findings of fact and conclusion of law, I hereby recommend that:

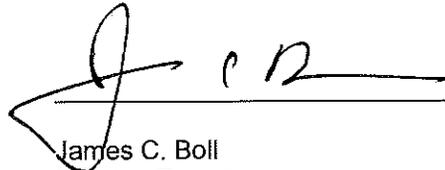
(13) The Petitioner's request for approval of the plan for acquisition of control of the Wisconsin Domestic Insurers should be approved. It should be further ordered that:

- a) The Petitioner shall immediately notify the OCI of any amendments to the Merger Agreement and file such amendments with the OCI within ten (10) days of the change. Prior written approval must be secured from OCI prior to any material deviation from or substantive changes to the Merger Agreement. Further, should any other regulatory

review impose any final written requirements upon the Petitioner in regards to the proposed transaction, the Petitioner shall notify the OCI within three (3) business days.

- b) The Petitioner or Wisconsin Domestic Insurers shall submit to the OCI a copy of any filings submitted to the U.S. Securities and Exchange Commission regarding any lawsuits relating to the transactions contemplated in the Merger Agreement, within fifteen (15) days of submission of the same to the U.S. Securities and Exchange Commission.
- c) This Order shall not be acted upon until the Petitioner and the Wisconsin Domestic Insurers satisfy all terms and conditions of the Merger Agreement including obtaining all regulatory approvals needed to satisfy the terms and conditions of the Merger Agreement or the Merger Agreement as amended, subject to paragraph (13) a). This Order shall only be read as an approval under the laws outlined in paragraph (12) of this Order.
- d) Within ten (10) days of the closing of the acquisition, the Petitioner or the Wisconsin Domestic Insurers shall provide to the OCI the final executed closing documents and the final executed copies of all related agreements. In the event the closing does not occur, the Petitioner shall notify the OCI within three (3) business days.
- e) For a period of three (3) years after the consummation of the transaction, the Petitioner shall provide written notice to OCI of any planned or proposed reductions in staff that would affect (10%) of the individuals who were employees of the Wisconsin Domestic Insurers principally located in Wisconsin as of the consummation of the transaction. Such notice, which shall specify the reasons for the reduction in force, shall be filed with OCI at least sixty (60) days prior to any such planned or proposed reductions.

Dated at Madison, Wisconsin, this 14 day of April, 2016.



James C. Boll
Hearing Examiner