



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Connie L. O'Connell
Commissioner

December 7, 1999

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Advanced Via Facsimile

Mr. Stephen E. Bablitch
Vice President, Secretary, and
General Counsel
Blue Cross & Blue Shield United of Wisconsin
401 W. Michigan Street
Milwaukee, WI 53202

Re: Application for Conversion of Blue Cross & Blue Shield United of Wisconsin (Case No. 99-C26038)

Dear Mr. Bablitch:

Please provide the office a brief description of each reportable holding company transaction under Chapter 617, Stats. by any member of the holding company system since 1983. We are not, however, requesting information on the routine disclosures in the holding company registration statement. This office requests that the following items be included with each transaction description:

1. A brief description of the transaction, along with a description of the consideration or benefit received by each party to the transaction, including specific dollar amounts, if applicable;
2. A statement of the basis on which BCBSU complied with s. 617.21 (1) (a), Wis. Stats.;
3. Correspondence to and from OCI specific to the transaction;
4. Any documentation that may serve to clarify the nature of the transaction or otherwise substantiate the transaction.

In addition, for each member of Blue Cross' holding company system at the present time, please provide the following:

- a. Date of incorporation.
- b. Brief history, if the entity's purpose and activities once differed from current ones.
- c. Capitalization structure, including the number of shares authorized, and issued and outstanding for each class of common and preferred stock. Debt outstanding, if any.
- d. All service, management, cost allocation, or any other form of written agreements currently in effect with affiliates, without regard to materiality.

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- e. For any affiliate that has more than one shareholder, the names of each shareholder with a beneficial interest or ownership of 5% or more of the common capital stock.

Finally, this office will need a complete historical summary of direct investments made by BCBSU from inception to date in each affiliate that is currently a member of the holding company system, and a summary of dividends and capital gains that were not reinvested, but rather retained for Blue Cross' own use.

If you have questions on this or any other matter in which I may be of assistance, my direct line is (608) 267-4388.

Sincerely,

Steven J. Junior
Senior Insurance Examiner
Bureau of Financial Analysis and Examinations

cc: Joseph C. Branch, Foley & Lardner
Thomas M. Rose, Foley & Lardner