

January 4, 2000

Guenther H. Ruch
Administrator
Division of Regulation and Enforcement
Office of the Commissioner of Insurance
121 East Wilson Street
P. O. Box 707-7873

**VIA FAX AND
FEDERAL EXPRESS**

Thomas W. Johnson
Giles E. Harrison
Deutsche Banc Alex.Brown
One South Street
Baltimore, MD 21202-3220

Re: **Blue Cross Conversion Application - Transaction Summaries**

Gentlemen:

As promised in my letter dated December 29, 1999, I have enclosed summaries of the various reportable holding company transactions among affiliates of the Blue Cross holding company system for calendar years 1991, and 1993 through 1999. As you know, these summaries correspond to the materials that Blue Cross provided to OCI on December 17, 1999. As a reminder, certain historical materials were not submitted in the December 17th filing because they were so old that they were not retained due to our record retention policies, and as you recognize, Adm. Code Sec. Ins. 6.80 does not require retention of such materials. However, we are willing to allocate resources to review OCI's central records in an effort to recreate the 1992 and prior filings concerning transactions among affiliates to facilitate Deutsche Banc's review, if necessary.

Blue Cross remains committed to assist OCI in conducting whatever investigation it deems necessary, and we are prepared to provide Deutsche Banc with any information that will

Guenther H. Ruch
Thomas W. Johnson
Giles E. Harrison
January 4, 2000
Page 2

help in their independent review. Towards this end, we look forward to a productive meeting with representatives of Deutsche Banc on January 5th.

Very truly yours,

Stephen E. Bablitch

SEB/lh

Enc.

cc: Randy Blumer
Joseph C. Branch
Fred Nepple

**BLUE CROSS & BLUE SHIELD
UNITED OF WISCONSIN**

Historical Transactions Among Affiliates

1991 and 1993 through 1999

Attached hereto are summaries of the various reportable holding company transactions among affiliates of the Blue Cross holding company system, organized by calendar year for 1991 and 1993 through 1999. These summaries correspond to the materials that Blue Cross provided to the Office of the Commissioner of Insurance (“OCI”) on December 17, 1999 in connection with the Blue Cross Application for Conversion. Each summary entry identifies the relevant transaction(s), correspondence (including filing letters, Form D’s, and related OCI nondisapproval letters), and provides a brief description of the reportable transaction(s). The descriptions set forth herein are not intended, and shall not be deemed, to supersede the content of either the original transaction documents or any original disclosures in either a Form D or other submission by Blue Cross to OCI.

Company Definitions

AMS	American Medical Security, Inc. (a/k/a AMS-2)
AMSG	American Medical Security Group, Inc.¹
AMSIC	American Medical Security Insurance Company
AMSIC-GA	American Medical Security Insurance Company of Georgia
BCBSUW	Blue Cross & Blue Shield United of Wisconsin
Compcare	Compcare Health Services Insurance Corporation
CNR	CNR Health, Inc.
Heartland Dental	Heartland Dental Plan, Inc.
HMOW	HMO of Wisconsin Insurance Corporation
MMC	Meridian Managed Care, Inc.
MMS	Meridian Marketing Services, Inc.
MRC	Meridian Resource Corporation
U-Care	U-Care HMO, Inc.
UHC	University Health Care, Inc.
UHI	United Heartland, Inc.
UHLIC	United Heartland Life Insurance Company
UWIC	United Wisconsin Insurance Company
UWLIC	United Wisconsin Life Insurance Company
UWS	United Wisconsin Services, Inc.²
Unity	Unity Health Plans Insurance Corporation
Valley	Valley Health Plan, Inc.

¹ This company was formerly UWS. On September 11, 1998, UWS was renamed American Medical Security Group, Inc. in connection with the AMS spin-off transaction.

² Also referred to as Newco, which was a newly formed holding company, originally named Newco/UWS, Inc., that was renamed United Wisconsin Services, Inc. in connection with the AMS spin-off transaction.

1991

Transaction(s):	<i>Reinsurance Agreement between UWIC and AMSIC; Reinsurance Agreement between BCBSUW and UWIC</i>
Correspondence:	Nondisapproval letter from Stephen Caughill of OCI to Gail Hanson, dated June 10, 1991 Letters to S. Caughill from G. Hanson, dated June 6, 1991 and June 3, 1991, regarding submission of revised reinsurance agreements
Description:	<i>Reinsurance Agreement between UWIC and AMSIC</i> Under this Agreement, AMSIC provides 5% quota share reinsurance of UWIC's claim liabilities arising from its reinsurance of certain group medical, loss of income, and other employee coverages written by UWLIC and marketed and administered by AMS ("Non Life Business"). As premium, AMSIC receives 5% of UWIC's premium derived from such business. This Agreement includes a profit sharing component which provides a 50% sharing of net underwriting gains (and losses) and investment income. <i>Reinsurance Agreement between BCBSUW and UWIC</i> Under this Agreement, BCBSUW provide 55% quota share reinsurance of UWIC's claim liabilities arising from its reinsurance of the Non Life Business in exchange for 55% of UWIC's premium derived from such business. BCBSUW also receives 10% of net underwriting income or reimburses UWIC for 10% of net underwriting losses on the ceded business.
<hr/>	
Transaction(s):	<i>Amendment to Reinsurance Agreement between BCBSUW and UWIC</i>
Correspondence:	Nondisapproval letter from Stephen Caughill to Gail Hanson, dated December 3, 1991 Letter from G. Hanson to S. Caughill, dated November 5, 1991, transmitting amendment to Reinsurance Agreement
Description:	The original Agreement provided for a transfer of assets and related investment income if BCBSUW qualified as an authorized reinsurer. However, the compensation was considered reasonable without the investment income, and the amendment therefore eliminates any income differential which would result due to the change in status of BCBSUW as an authorized insurer.

Transaction(s): ***Underwriting Agreement and Dividend Contribution Commitment***

Correspondence: Letter from Stephen Caughill to Gail Hanson, dated September 3, 1991

Letter to S. Caughill from G. Hanson, dated August 30, 1991

Description: This involves a proposed underwriting agreement and BCBSUW's commitment to contribute dividends back to UWS in the form of capital contributions. Absent such agreement, the funds raised in the offering would be funneled back to BCBSUW over time through the payment of large dividends due to BCBSUW's position as an 80% shareholder and that would undermine the purpose of raising capital to support the subsidiary operations.

Transaction(s): ***Transfer of Dentacare business from BCBSUW to Compcare***

Correspondence: Nondisapproval letter from Stephen Caughill to Gail Hanson, dated September 24, 1991

Letter from G. Hanson to S. Caughill, dated September 10, 1991

Letter from S. Caughill to G. Hanson, dated August 30, 1991

Letter from G. Hanson to S. Caughill, dated August 28, 1991

Letter from S. Caughill to G. Hanson, dated August 14, 1991

See also Restructuring correspondence, August 13, 1991 letter

Description: This transaction involved the transfer of the Dentacare line of business from BCBSUW to Compcare via an Assumption and Bulk Reinsurance Agreement between BCBSUW and Compcare, and this transfer was recorded by BCBSUW and Compcare as a capital contribution for the book value of \$909,182 as of June 30, 1991. Both before and after the transfer, BCBSUW owned 100% of the Dentacare business either directly or indirectly.

Transaction(s): ***Restructuring of BCBSUW and Acquisition of Control by UWS of Compcare***

Correspondence: Letter from Sheila Becker of OCI to Gail Hanson, dated September 27, 1991, transmitting Final Decision approving proposed transaction

Letters from G. Hanson to M. Mandt and vice versa, dated September 16, 1991 and September 6, 1991, regarding Proposed Findings and Final Decision

Letter from Robert Walker to G. Hanson, dated August 22, 1991, regarding Hearing Notice

Letter from G. Hanson to R. Walker, dated August 16, 1991, submitting required regulatory filings for restructuring, including amendment to registration statement

Letter from G. Hanson to M. Mandt, dated August 13, 1991, submitting corporate resolutions, officers and directors biographical information, and Service Agreements, all in connection with the transfers of corporate entities and one block of business (i.e., Dentacare line of business) from BCBSUW to UWS and identifying statutory book values for such entities and block of business.

Description: The restructuring involved the transfer of the following entities (and Dentacare line of business) from BCBSUW to UWS: Compcare, Take Control, Inc., and United Heartland, Inc. The transfers were recorded at statutory book values as follows:

Compcare	\$10,354,169.82
Take Control, Inc.	\$ 164,758.89
United Heartland, Inc.	\$ 62,164.00

In addition to the Dentacare line of business, these transfers resulted in an increase in the cost of BCBSUW's investment in UWS equal to \$10,581,092.71.

1993

Transaction(s): **BCBSUW *Guarantee of UWIC/UWLIC/Compcare Line of Credit***

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Gail Hanson, dated December 10, 1993

Transmittal Letter and Form D submitted to S. Caughill from G. Hanson, dated December 7, 1993

Description: M&I Marshall & Ilsley Bank agreed to extend the existing \$10 million BCBSUW line of credit to UWIC, UWLIC, and Compcare. In lieu of pledging collateral, M&I required BCBSUW to guarantee any borrowings of UWIC, UWLIC, and Compcare.

Transaction(s): ***QSP Products Administrative Services Agreement between UWIC and Compcare, dated September 1, 1993***

Correspondence: Letter from G. Hanson to S. Caughill, dated December 7, 1993, transmitting copy of contract and plans for QSP product

Letter from S. Caughill to G. Hanson, dated November 5, 1993, requesting additional information

Filing letter and Form D from G. Hanson to S. Caughill, dated October 18, 1993

Description: Under this Agreement, Compcare provides a wide variety of managerial services to UWIC in connection with UWIC's stop loss policy which overlays Compcare's self funded QSP product. UWIC pays Compcare a rate of 10% of the stop loss plan premium in consideration for the administrative services and for commission obligations to sales agents. This rate approximates Compcare's costs for providing such services.

Transaction(s): ***Intercompany Balance Due to Compcare from BCBSUW***

Correspondence: Letter from Stephen Caughill of OCI to Gail Hanson, dated December 2, 1993

Letter to S. Caughill from G. Hanson, dated November 9, 1993

Description: This involves the transfer of \$200,000 from BCBSUW to Compcare to satisfy, in part, an intercompany receivable due Compcare in the amount of \$153,211, and the accounting treatment of such receivable.

Transaction(s): ***Joint Investment Account; Investment Pooling Agreement among BCBSUW, UWIC, UWLIC, Compcare, UWS, United Proservices, Inc., Take Control, Inc., MMC, and Valley***

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Gail Hanson, dated November 5, 1993

Letter from G. Hanson to S. Caughill, dated October 28, 1993, transmitting Investment Pooling Agreement and other related materials

Description: This transaction relates to the pooled investment account for BCBSUW and various affiliates. The Investment Pooling Agreement requires that each entity have a positive position (prohibiting intercompany borrowing), calls for a custodial account to be maintained, and establishes investment parameters.

Transaction(s): ***UWS Debt Offering and BCBSUW Guarantee of Borrowing by UWS***

Correspondence: Letter from Stephen Caughill of OCI to Gail Hanson, dated June 11, 1993

Letter to S. Caughill from G. Hanson, dated June 4, 1993

Description: This involves (1) UWS' plans to issue approximately \$40 million of subordinated notes in the retail debt market, (2) plans for UWS to borrow \$8 million on an existing \$10 million Letter of Credit maintained by BCBSUW to be used for a capital contribution to UWLIC and to be repaid by the proceeds of the debt offering, and (3) BCBSUW's guarantee of UWS' \$8 million loan under the Letter of Credit.

1994

Transaction(s): ***Unity Joint Venture and related transactions. Amended and Restated Joint Venture Agreement among UWS, BCBSUW, UHC, U-Care and Health Professionals, Inc., dated October 31, 1994. Agreement of Merger and Joint Venture among UWS, UWS Acquisition Corporation, BCBSUW, HMO-W, Inc. and HMOW, dated October 11, 1994.***

Correspondence: Transmittal letter from Gail Hanson to Stephen Caughill dated November 15, 1994 providing copies of the final joint venture and related agreements outlining the acquisition by UWS of the business of U-Care and the common stock of HMO-W, Inc. and HMOW.

Description: The U-Care Joint Venture Agreement establishes a joint venture relationship between the parties to this agreement in order to produce, market and administer managed care products which utilize a provider network in the Dane County area in conjunction with the HMOW joint venture.

Under the Merger and Joint Venture Agreement, UWS acquires HMOW (n/k/a/ Unity). The Agreement also sets forth the terms of the HMOW Joint Venture relationship between BCBSUW, UWS and HMOW which utilizes a provider network in counties surrounding Dane County and operates in conjunction with the U-Care joint venture. In addition, the insurance business of U-Care was acquired by means of an Assumption reinsurance agreement between HMOW and U-Care.

Transaction(s): ***Administrative Services Agreement between UWLIC and Compcare, effective January 1, 1994. Reinsurance Agreement between Compcare and UWIC, effective July 1, 1993. Amendment No. 1 Excess Loss Reinsurance Agreement for Dentacare Point of Service Plan LSHO Coverage between Compcare and UWIC, effective January 1, 1994. Quota Share Reinsurance Agreement between UWLIC and UWIC, effective January 1, 1994.***

Correspondence: Transmittal letter and Form D filing from Brett Meili to Stephen Caughill dated July 22, 1994 for the subject transactions.

Nondisapproval letter from Stephen Caughill to Brett Meili dated August 25, 1994 for the subject transactions.

Description: All three agreements relate to an arrangement whereby Compcare utilizes UWLIC as its indemnity partner for its Dentacare Point of Service Plan. Under the Administrative Services Agreement, Compcare provides all the administration for the point of service plan including marketing, plan design, and filing, claims processing, customer service and financial reporting to UWLIC. As compensation, Compcare is paid 20% of the indemnity premium earned by UWLIC. Under the Reinsurance Agreement, UWIC provides excess loss coverage for Compcare on its point of service plan. The Amendment to the Excess of Loss Reinsurance Agreement between Compcare and UWIC amends the Reinsurance Agreement and provides that UWIC will reinsure Compcare's excess loss at a 92% loss ratio on this product. Finally, under the Quota Share Reinsurance Agreement, UWLIC cedes to UWIC 100% of the liability on the indemnity portion of the Dentacare point of service product underwritten by UWLIC.

Transaction(s): ***Reinsurance Agreement between UWIC and Valley, dated January 1, 1994.***

Correspondence: Transmittal letter and Form D filing from Gail Hanson to Stephen Caughill dated June 27, 1994 for the subject transaction.

Nondisapproval letter from Stephen Caughill to Gail Hanson dated August 12, 1994 for the subject transaction.

Description: Reinsurance Agreement whereby UWIC assumes the risk of losses for eligible hospital claims in excess of \$60,000 for each Valley member for each contract year. Valley pays premium of \$.84 per member per month or \$201,600 annually.

Transaction(s): ***Reinsurance Agreement between BCBSUW and UWIC dated January 1, 1994.***

Correspondence: Transmittal letter and Form D filing from Gail Hanson to Stephen Caughill dated May 13, 1994 for the subject transaction.

Letter from Becky Craig to Gail Hanson dated May 24, 1994 requesting additional information before the proposed transaction can be evaluated by OCI.

Letter from Gail Hanson to Becky Craig dated June 16, 1994 responding to OCI's request for additional information on the subject transaction and providing supplemental exhibits.

Nondisapproval letter from Stephen Caughill to Gail Hanson dated August 11, 1994 for the subject transaction.

Description: Reinsurance Agreement whereby UWIC cedes the liabilities arising out of the United Dairy Trust and United Dairy Plan to BCBSUW on a 100% quota share basis.

Transaction(s): ***Reinsurance Agreement between BCBSUW and Valley, effective January 1, 1993.***

Correspondence: Transmittal letter and Form D filing from Gail Hanson to Stephen Caughill dated June 9, 1994 for the subject transaction.

Nondisapproval letter from Stephen Caughill to Gail Hanson dated July 27, 1994 for the subject transaction.

Description: Reinsurance Agreement whereby BCBSUW accepts the loss liability in excess of a 95% loss ratio of Valley's HMO coverage under a dual choice product marketed between BCBSUW and Valley. A monthly transfer of premium is made between BCBSUW and Valley based upon a profit sharing settlement calculation defined in the Reinsurance Agreement.

Transaction(s): ***Administrative Services Agreement between UWIC, UWLIC, AMS, and AMSIC, effective January 1, 1994.***

Correspondence: Transmittal letter and Form D filing from Gail Hanson to Stephen Caughill dated May 24, 1994 for the subject transaction.

Nondisapproval letter from Stephen Caughill to Sarah Skebba dated June 29, 1994 for the above transaction, subject to certain minor changes to the Administrative Services Agreement.

Memo from Sarah Skebba to Tim Day dated July 5, 1994 transmitting revised Administrative Services Agreements which reflect the changes requested by OCI.

Letter from Sarah Skebba to Stephen Caughill dated July 15, 1994 transmitting executed copies of the revised Administrative Services Agreement.

Description: Administrative Services Agreement amends and supersedes an existing agreement in order to bring the agreement into compliance with Wisconsin's

managing general agent laws. Under the Agreement, AMS administers certain venture business and provides plan design, marketing, billing, provider network and claims services. As compensation, AMS receives a percentage of premium to cover AMS' actual expenses.

Transaction(s): ***Service Agreement between UWIC and UWLIC, dated January 1, 1994.
Service Agreement between BCBSUW and UWS, dated January 1, 1994.***

Correspondence: Transmittal letter and Form D filings from Gail Hanson to Stephen Caughill dated May 13, 1994 for the subject transactions.

Nondisapproval letter from Stephen Caughill to Gail Hanson dated May 24, 1994 for the subject transactions.

Description: Service Agreement whereby UWLIC purchases from UWIC all services required to market, administer and process its business. UWLIC has no employees. Services are charged to UWLIC based upon allocated or actual costs.

Service Agreement for a broad range of services provided by BCBSUW on behalf of UWS or its subsidiaries and for services provided to BCBSUW by UWS or its subsidiaries. Compensation is based on allocated costs or per hour fees.

Transaction(s): ***Administrative Services Agreement between UWLIC and Compcare, dated January 1, 1994.***

Correspondence: Transmittal letter and Form D filing from Nancy Smith to Stephen Caughill dated April 19, 1994 for the subject transaction.

Nondisapproval letter from Frederick Thornton to Nancy Smith dated May 4, 1994 for the subject transaction.

Description: Administrative Services Agreement whereby Compcare provides UWLIC with certain administrative services for UWLIC's out-of-area indemnity products. Compcare receives a rate of 10% of gross premiums attributable to medical products and 15% of the gross premium attributable to dental products received in consideration for its administrative services and as reimbursement for commission obligations to sales agents. This rate approximates Compcare's costs for providing such services and may be amended.

Transaction(s): ***Amendment to an Administrative Services Agreement between UWIC and Valley, effective May 1, 1993.***
Reinsurance Agreement between UWIC and Valley, effective May 1, 1993.

Correspondence: Transmittal letter and Form D filings from Gail Hanson to Stephen Caughill dated February 24, 1994 for the subject transactions.

Nondisapproval letter from Stephen Caughill to Gail Hanson dated March 23, 1994 for the subject transactions.

Description: The Amendment revises an administrative services agreement between UWIC and Valley to change the manner in which Valley calculates the premium it pays to UWIC. Valley annually conducts a profit and loss calculation, pursuant to which it recalculates the premium that it will pay to UWIC under the premium allocation provision of the agreement.

Reinsurance Agreement whereby Valley cedes its liability in excess of a 95% loss ratio to UWIC under Valley's HMO coverage. In return, UWIC receives 1% of Valley's gross earned premium on the HMO coverage.

Transaction(s): ***Administrative Services Agreement between UWLIC and Compcare, effective January 1, 1994.***

Correspondence: Transmittal letter and Form D filing from Brett Meili to Stephen Caughill dated March 10, 1994 for the subject transactions.

Nondisapproval letter from Stephen Caughill to Brett Meili dated March 15, 1994 for the subject transactions.

Description: Administrative Services Agreement whereby Compcare provides UWLIC with administrative services for its out-of-area indemnity products. Compcare receives a rate of 10% of the gross premium received in consideration for its services and as reimbursement for commission obligations to sales agents. This rate approximates Compcare's costs for providing such services and may be amended.

1995

Transaction(s): *Administrative Services Agreement between UWLIC and UWIC*

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Nancy Smith, dated November 7, 1995

Transmittal Letter and Form D submitted to S. Caughill from N. Smith dated October 17, 1995

Description: Pursuant to this Administrative Services Agreement, UWIC provides administrative services for UWLIC on an allocated cost basis, the allocation methodology being established by annual amendment to the agreement. This filing was submitted to reflect the fee schedule for 1995 as provided in Exhibit I to the Agreement.

Transaction(s): *Extraordinary Dividends and Related Surplus Note and Security Interest*

Correspondence: Letter from Gail Hanson to Stephen Caughill of OCI, dated January 4, 1996, transmitting final contribution note and guaranty agreement.

Nondisapproval letter from Matthew Mandt of OCI to Gail Hanson, dated December 15, 1995

Letter from G. Hanson to M. Mandt dated December 14, 1995, regarding revised dividend amounts and related progress on surplus note and security interest

Letter from G. Hanson to S. Caughill dated December 1, 1995 regarding initial dividend amounts and transaction structure.

Description: These transactions concern the payment of extraordinary dividends via the transfer of securities from certain subsidiaries to UWS as follows:

UWIC	\$63.5 million
Compcare	\$10.0 million
Valley	\$ 3.5 million

The payment of the dividends was conditioned on (1) the execution of a contribution note whereby BCBSUW loaned \$65 million to UWIC, and (2) execution of a Guaranty and Escrow Agreement by UWS securitizing the contribution note.

Transaction(s): ***Tax Allocation Agreements
Short Term Loan to U&C Real Estate
UWS' acquisition of 50% of United Heartland from Aon Corporation
Inclusion of UWS Common Stock in the UWS/BCBSUW 401(k) Plan
Redemption of \$30 million of UWIC Series A Preferred Stock
Sale of 930,000 shares of UWS stock by BCBSUW to lower ownership to less than 50%***

Correspondence: Nondisapproval letter from Stephen Caughill to Gail Hanson, dated January 31, 1995

Transmittal Letter and related Form D filings submitted to S. Caughill from G. Hanson, dated January 17, 1995

Description: See above referenced letter dated January 17, 1995 attached hereto which sets forth a detailed description for each referenced transaction

Transaction(s): ***Amendments to various Administrative Services Agreements for purposes of amending Fee Schedules***

Correspondence: Nondisapproval letter from Stephen Caughill to Nancy Smith, dated October 10, 1995

Transmittal Letter and Form D's submitted to S. Caughill from N. Smith dated September 18, 1995

Description: Administrative Services Agreement between Compcare and MMC, dated January 1, 1995

Administrative Services Agreement between Valley and MMC, dated January 1, 1995

Administrative Services Agreement between UWLIC/UWIC and MMC, dated January 1, 1995

In each case above, MMC provides utilization review services to the other parties on an actual cost basis. Specific rates are set forth on the fee schedules attached to each respective agreement submitted with the Form D's.

Administrative Services Agreement between UWLIC and CNR, dated May 26, 1994. Under this Agreement, CNR provides UWLIC with

administrative and mental health managed care services, and CNR is permitted compensation equal to 35% of net earned premium of the subject business (on GAAP basis) per month.

Transaction(s): ***PPO Administrative Services Agreement between BCBSUW and Unity***

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Gail Hanson, dated August 4, 1995

Transmittal Letter and Form D from Nancy Smith to S. Caughill dated July 21, 1995

Description: BCBSUW and Unity entered into a joint venture to design and market managed care products, including PPO, HMO and POS products. Pursuant to this Administrative Services Agreement, BCBSUW provides such services as regulatory filings related to BCBSUW forms, product design, new group underwriting and premium development. Unity provides such services as regulatory filings related to Unity forms, billing and collection of premium, membership and claim administration, customer service, policy and booklet printing and mailing, claim appeal administration, advertising and marketing, sales commission administration, provider relations services and financial reporting. Under the Agreement, Unity is paid its actual allocated administrative costs plus 50% of pre-tax profits if any.

Transaction(s): ***Assignment and Assumption Agreement by and among UWIC, UWLIC, AMSG, AMS (“AMS-2”), and AMSIC***

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Nancy Smith, dated July 17, 1995

Transmittal Letter and Form D from Nancy Smith to S. Caughill dated June 21, 1995

Description: The Assignment and Assumption Agreement amends an administrative services agreement by and among UWIC, UWLIC, AMSG and AMSIC. Specifically, under the Assignment and Assumption Agreement, AMS-2 assumes the administrative responsibilities of AMSG and AMSIC under the administrative services agreement.

Transaction(s): ***Reinsurance Agreements in place between UWIC, as reinsurer, and Compcare
Amendments to Reinsurance Agreements***

Correspondence: Nondisapproval letters from Stephen Caughill of OCI to Nancy Smith, dated March 23, 1995, regarding both the reinsurance agreements and the Amendments

Transmittal Letters and Form D's from Nancy Smith to S. Caughill dated March 14, 1995

Description: Under one agreement, UWIC begins to reinsure Compcare at the point a 92% loss ratio is reached on the in-network HMO business of Compcare's POS plan. The premium payable is equal to one percent (1%) of Compcare's net earned premium for such business. Under the other agreement, UWIC begins to reinsure Compcare at the point a 92% loss ratio is reached on the in-network LSHO business on the Dentacare POS plan. The premium payable is equal to one-half of one percent (0.50%) of Compcare's net earned premium for such business. The amendments operate to increase the stop loss threshold from 92% to 95% for each agreement.

Transaction(s): ***Administrative Services Agreement between Valley and Middlefort Clinic-
A Mayo Regional Health Plan***

Correspondence: Letter from Richard Hinkel of OCI to Nancy Smith, dated October 11, 1995, noting that the transaction is not reportable as a material or substantial transaction under the holding company regulations.

Transmittal Letter and Form D from Nancy Smith to S. Caughill, dated September 29, 1995

Description: Under this Administrative Services Agreement, Middlefort provides medical review, board of directors and consulting services on an actual cost basis for Valley.

Transaction(s): ***Administrative Services Agreement between UWLIC and HMOW
Administrative Services Agreement between UWS and HMOW
Administrative Services Agreement between HMOW and UHCI***

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Nancy Smith, dated January 18, 1995 regarding UWLIC/HMOW Agreement

Nondisapproval letter from Stephen Caughill to Nancy Smith, dated January 4, 1995 (but disapproving UWLIC/HMOW Agreement)

Transmittal Letter and Form D from Nancy Smith to S. Caughill dated October 28, 1994

Description: These transactions flow from a joint venture among BCBSUW, UWS, HMOW and UHC pursuant to which UWS acquired 100% of the common stock of HMOW and the insurance business and assets of U-Care.

Under the UWLIC/HMOW Administrative Services Agreement, UWLIC agrees to underwrite the indemnity portion of the POS products offered under the joint venture, and HMOW agrees to provide UWLIC with administrative services on all business associated with the POS plans.

Under the HMOW/UHC Administrative Services Agreement, UHC agrees to provide HMOW with employee services, similar to those UHC provided to U-Care.

Under the UWS/HMOW Administrative Services Agreement, UWS agrees to provide certain administrative services to HMOW with respect to the HMO products underwritten and administered by HMOW and the HMO portion of the POS products underwritten and administered by HMOW.

In each case above, HMOW, UHC, and UWS, respectively, are each compensated on a cost basis.

Transaction(s): ***Guarantee of Extension of Line of Credit to UWS***

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Gail Hanson, dated January 4, 1995

Transmittal Letter and Form D from Gail Hanson to S. Caughill dated November 18, 1994

Description: BCBSUW guarantee of a line of credit M&I Marshall & Ilsley Bank will extend to UWS. UWS in turn will agree to reimburse BCBSUW for any payment on UWS' behalf as a result of the guarantee.

1996

Transaction(s): *UWS Guarantee of Unity Line of Credit*

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Gail Hanson, dated December 4, 1996

Transmittal Letter and Form D submitted to S. Caughill from G. Hanson, dated November 25, 1996

Description: This transaction involves the desire of Unity to obtain a \$2 million line of credit from Bank One, and the bank's requirement that UWS be a guarantor of this line of credit.

Transaction(s): *\$70 Million Loan to UWS from BCBSUW*

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Gail Hanson, dated October 21, 1996

Letter from G. Hanson to S. Caughill, dated October 9, 1996, transmitting financial projections and future financing alternatives

Letter from G. Hanson to S. Caughill, dated September 26, 1996, transmitting Promissory Note and Pledge Agreement

Letter from G. Hanson to S. Caughill dated September 23, 1996 regarding planned merger of UWS and AMSG ("Merger") including current financing plans

Description: In order to finance the Merger, BCBSUW loaned UWS \$70 million under the following transaction documents:

- (1) Promissory Note from UWS to BCBSUW in the principal amount of \$70 million. The note bears interest at an annual rate equal to LIBOR plus 13%, adjusted on the first day of each calendar quarter beginning January 1, 1997. Interest is payable on the final day of each calendar quarter beginning December 31, 1996. Principal is payable at maturity (originally three years after the date of the loan) but may be prepaid at any time, in whole or part, without penalty or premium.
- (2) A pledge agreement securing UWS' payment obligations under the note. The pledged assets consist of all of the issued and outstanding capital stock of Compcare and UWIC, both wholly owned by UWS.

Transaction(s): ***Reinsurance Agreement between UWLIC, as reinsurer, and Unity;
Behavioral Health Services Agreement between Unity and CNR***

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Brenda Gordon,
dated September 16, 1996

Transmittal Letter and Form D submitted to S. Caughill from B. Gordon,
dated August 15, 1996

Description: Under the Services Agreement, CNR administers behavioral health care
services for HMO plans insured by Unity for a specified fee which is
dependent on plan design and utilization. Such services include collection
of premium and providing management of medical treatment for mental
health and substance abuse.

Under the Reinsurance Agreement, UWLIC reinsures 100% of Unity's
liabilities under the behavioral health services of Unity's HMO plans.

Transaction(s): ***UWS Guarantee of U&C Real Estate Partnership Loan***

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Gail Hanson,
dated July 16, 1996

Transmittal Letter and Form D submitted to S. Caughill from G. Hanson,
dated July 1, 1996

Description: This transaction involves the addition of UWS as a party to UWIC's
guarantee of 50% of the mortgage indebtedness of U&C Real Estate
Partnership, in the aggregate principal amount of \$24,500,000, in
connection with its ownership of a building that serves as the home office
for AMS.

Transaction(s): ***Contribution Note Repayment***

Correspondence: Approval letter from Stephen Caughill of OCI to Gail Hanson, dated July
16, 1996

Transmittal letter submitted to S. Caughill from G. Hanson, dated July 9,
1996

Description: This transaction deals with UWIC's repayment on its Contribution Notes to BCBSUW in the amount of \$15 million plus accrued interest (in addition to earlier repayments in January and April of 1996 in the aggregate amount of \$50 million).

Transaction(s): ***UWIC/UWLIC Reinsurance Agreement***

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Joseph Decker, dated July 10, 1996

Transmittal Letter and Form D submitted to S. Caughill from Joseph Decker, dated June 27, 1996

Description: UWIC issues certain medical, dental, prescription drug and disability coverages in the State of Minnesota that are marketed and administered by AMS. Under the Reinsurance Agreement, UWIC cedes 100% of the claim liabilities arising out of such coverage to UWLIC. As consideration, UWLIC receives 100% of the premiums received on the reinsured business.

Transaction(s): ***Administrative Services Agreement between Compcare and MMC (I)***
Administrative Services Agreement between Compcare and MMC (II)
Administrative Services Agreement between Compcare and Valley
Administrative Services Agreement between UWIC and Compcare
Administrative Services Agreement between BCBSUW and UWS

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Nancy Smith, dated June 25, 1996 regarding Compcare/MMC Agreement (I)

Nondisapproval letter from Stephen Caughill of OCI to Nancy Smith, dated June 12, 1996 regarding Compcare/Valley Agreement

Letter from Nancy Smith to Stephen Caughill, dated June 11, 1996, regarding Compcare/MMC Agreement (I)

Letter from Nancy Smith to Stephen Caughill, dated June 7, 1996, regarding Compcare/Valley Agreement

Nondisapproval letter from Stephen Caughill of OCI to Nancy Smith, dated June 5, 1996 regarding UWIC/Compcare Agreement

Letter from Nancy Smith to Stephen Caughill, dated May 31, 1996, regarding UWIC/Compcare Agreement

Letter from Stephen Caughill to Nancy Smith, dated May 24, 1996, indicating nondisapproval for BCBSUW/UWS Administrative Services Agreement and Compcare/MMC Administrative Services Agreement for utilization review services; however, requesting additional information for the other three agreements.

Transmittal Letter and Form D's submitted to S. Caughill from Nancy Smith, dated May 13, 1996

Description:

Administrative Services Agreement between Compcare and MMC (I)

Under this Agreement, MMC provides Compcare with utilization review and other professional services on an actual cost basis.

Administrative Services Agreement between Compcare and MMC (II)

Under this Agreement, MMC provides Compcare with ambulatory care grouper case-mix and adjusted reporting and analysis, and MMC is compensated in accordance with a fee schedule attached to the agreement.

Administrative Services Agreement between Compcare and Valley

Under this Agreement, Compcare provides Valley with formulary and rebate management services through Right Rx, Compcare's managed care prescription drug program. Compcare is compensated in accordance with a fee schedule attached to the Agreement.

Administrative Services Agreement between UWIC and Compcare

Under this Agreement, Compcare provides UWIC with information services, premium accounting, and general accounting services, and is compensated for such services in accordance with a fee schedule attached to the Agreement.

Administrative Services Agreement between BCBSUW and UWS

Under this Agreement, BCBSUW provides services to UWS or its subsidiaries and vice versa. Specific services are identified more fully on the exhibits attached to the agreement. Each company is paid on an actual cost basis for their respective services. This filing provided the 1995 fee schedule.

Transaction(s):

***Amendment of Administrative Services Agreements between UWIC, UWLIC and MMC, and between Valley and MMC
Administrative Services Agreement between BCBSUW and UWS***

Correspondence: Nondisapproval letter from Denis Fuerstenberg of OCI to Gail Hanson, dated July 5, 1996

Transmittal Letter and Form D's submitted to S. Caughill from Brenda Gordon, dated June 5, 1996

Description: *Administrative Services Agreement between UWIC, UWLIC and MMC*
Administrative Services Agreement between Valley and MMC
Under these agreements, MMC provides utilization review and professional services, and the amendment reduces the rate for medical director services from \$240/hour plus travel expenses to \$200/hour plus travel expenses.

Administrative Services Agreement between BCBSUW and UWS
This filing provided the 1996 fee schedule for the Services Agreement referenced above.

Transaction(s): *Administrative Services Agreement between Compcare and MMC*

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Nancy Smith, dated May 23, 1996

Transmittal Letter and Form D submitted to S. Caughill from Nancy Smith, dated April 22, 1996

Description: Under this Agreement, MMC provides Compcare with utilization review services on an actual cost basis. This filing sets forth the fee schedule for 1996.

Transaction(s): *Administrative Services Agreement between UWLIC and UWIC*
Administrative Services Agreement between Unity and MMC

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Brenda Gordon, dated May 31, 1996

Transmittal Letter and Form D submitted to S. Caughill from Brenda Gordon, dated May 21, 1996

Description: *Administrative Services Agreement between UWLIC and UWIC*
Under this Agreement, UWIC provides UWLIC with certain underwriting, enrollment, accounting, marketing, computer and other management services on an actual cost basis. This filing reflects the fee schedule for 1996.

Administrative Services Agreement between Unity and MMC

Under this Agreement, MMC provides subrogation and workers' compensation claim recovery services for Unity. For cases settled without the aid of attorneys, MMC retains a 25% contingency fee of the total recovery. For matters that involve an attorney, MMC receives 15% of the total recovery.

Transaction(s): *Administrative Services Agreement between Unity and MMC*

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Nancy Smith, dated May 23, 1996

Transmittal Letter and Form D submitted to S. Caughill from Nancy Smith, dated April 22, 1996

Description: Under this Agreement, MMC provides Unity with Medical Director consulting services on an actual cost basis.

Transaction(s): *Contribution Note Repayment*

Correspondence: Approval letter from Stephen Caughill of OCI to Gail Hanson, April 10, 1996

Transmittal letter submitted to S. Caughill from G. Hanson, dated March 28, 1996

Description: This transaction deals with UWIC's repayment on its Contribution Notes to BCBSUW in the amount of \$25 million plus accrued interest (in addition to an earlier repayment in January 1996 in the amount of \$25 million).

Transaction(s): *Administrative Services Agreement between UWLIC/UWIC and MMC*
Administrative Services Agreement between Valley and MMC

Correspondence: Nondisapproval letter from Stephen Caughill of OCI to Nancy Smith, dated February 1, 1996

Transmittal Letter and Form D submitted to S. Caughill from Nancy Smith, dated January 22, 1996

Description: *Administrative Services Agreement between UWLIC/UWIC and MMC*

Under this Agreement, MMC provides UWIC and UWLIC with utilization review services. This filing reflects the fee schedule for 1996.

Administrative Services Agreement between Valley and MMC

Under this Agreement, MMC provides Valley with utilization review services. This filing also reflects the fee schedule for 1996.

1997

Transaction(s): ***Administrative Services Agreement between MMS and BCBSUW, dated November 1, 1996.***

Correspondence: Transmittal letter and Form D filing from Nancy Smith to Stephen Caughill dated December 19, 1996 for the subject transaction.

Nondisapproval letter from Stephen Caughill to Nancy Smith dated January 7, 1997 for the subject transaction.

Description: Administrative services agreement whereby MMS provides certain administrative services relating to BCBSUW's Medicare Risk program. MMS is reimbursed on an actual expense basis for its services.

Transaction(s): ***Employee Assistance Program Administrative Services Agreement between BCBSUW, UWS and MMC, dated January 1, 1997.***

Correspondence: Transmittal letter and Form D filing from Nancy Smith to Stephen Caughill dated November 17, 1997 for the subject transaction.

Nondisapproval letter from Stephen Caughill to Nancy Smith dated November 26, 1997 for the subject transaction.

Description: Administrative Services Agreement under which MMC provides administrative services relating to an employee assistance program offered to employees of BCBSUW, UWS and its subsidiaries. MMC is reimbursed at a rate of \$2.07 per employee per month.

Transaction(s): ***Employee Assistance Program Administrative Services Agreement between Unity and MMC, dated September 2, 1997.***

Correspondence: Letter from Nancy Smith to Stephen Caughill dated November 17, 1997 transmitting the Form D for the subject transaction.

Nondisapproval letter from Stephen Caughill to Nancy Smith dated November 26, 1997 for the subject transaction.

Description: Administrative Services Agreement under which MMC provides administrative services relating to an employee assistance program offered to employees of Unity. MMC is reimbursed at a rate of \$2.07 per employee per month.

Transaction(s): ***Administrative Services Agreement between BCBSUW and MMC, dated January 1, 1997.***

Correspondence: Transmittal letter and Form D filing from Nancy Smith to Stephen Caughill dated April 30, 1997 for the subject transaction.

Nondisapproval letter from Stephen Caughill to Nancy Smith dated July 16, 1997 for the subject transaction.

Description: Administrative Services Agreement whereby MMC provides administrative services relating to BCBSUW's Medicare Risk program. Services include utilization management, pre-admission certification, case management, disease management, referral management and risk assessment. MMC is reimbursed on a cost plus basis.

Transaction(s): ***Extraordinary dividend declared by Unity.***

Correspondence: Transmittal letter from Gail Hanson to Richard Hinkel dated May 20, 1997 requesting nondisapproval of the subject transaction.

Nondisapproval letter from Richard Hinkel to Gail Hanson dated June 5, 1997 for the subject transaction.

Description: Unity declares a dividend to UWS in the amount of \$1,315,400 to be payable on or after July 7, 1997. The dividend serves to withdraw investment income attributable to UWS funds not withdrawn from the Unity Joint Venture in accordance with the provisions of the joint venture service agreement.

Transaction(s): ***Assumption Reinsurance Agreement between UWLIC and UWIC, effective January 1, 1997.***
Quota Share Reinsurance Agreement between UWLIC and UHLIC, effective January 1, 1997.

Correspondence: Transmittal letter and two Form D filings from Gail Hanson to Stephen Caughill dated April 11, 1997 requesting nondisapproval of the subject transactions.

Nondisapproval letter from Stephen Caughill to Gail Hanson dated April 23, 1997 for the Quota Share Reinsurance Agreement between UWLIC and UHLIC.

Letter from Stephen Caughill to Gail Hanson dated April 23, 1997 approving the proposed transfer through assumption reinsurance of UWLCIS's nonlife business to UWIC subject to approval of the assumption certificate as a policy form of UWIC. OCI does not disapprove the proposal in the agreement that the business be 100% quota share reinsured until approval for the assumption reinsurance has been obtained.

Description: Under the Assumption Reinsurance Agreement, UWLIC transfers all of the nonlife business which is sold through UWG and underwritten by UWLIC to UWIC retroactive to January 1, 1997. In conjunction with the ceding of business, UWLIC transfers \$425,961 of claim reserves and an equivalent amount of assets to UWIC.

Under the Quota Share Reinsurance Agreement, UWLIC transfers its life liabilities (for business which is sold through UWG) under a 100% quota share to UHLIC retroactive to January 1, 1997. UWLIC transfers \$4,111,095 of claim reserves and an equivalent amount of assets to UHLIC to cover the transferred liabilities.

Transaction(s): ***Ordinary dividend declared by Valley; Extraordinary dividend declared by Compcare.***

Correspondence: Two transmittal letters and corresponding board resolutions from Gail Hanson to Richard Hinkel dated March 10, 1997 seeking nondisapproval of the subject dividends.

Nondisapproval letter from Richard Hinkel to Gail Hanson dated March 26, 1997 for the proposed dividends.

Description: Ordinary dividend declared by Valley payable to UWS in the amount of \$600,000 to be paid on or before April 15, 1997.

Extraordinary dividend declared by Compcare payable to UWS in the amount of \$2,600,000 to be paid on or before April 15, 1997.

Transaction(s): ***Extraordinary dividend declared by UWIC.***

Correspondence: Transmittal letter and corresponding board resolution from Gail Hanson to Stephen Caughill dated March 10, 1997 seeking nondisapproval of the subject dividend.

Nondisapproval letter from Stephen Caughill to Gail Hanson dated March

21, 1997 for the proposed dividend.

Description: Extraordinary dividend declared by UWIC payable to UWS in the amount of \$15,00,000 to be paid on or before April 15, 1997.

Transaction(s): ***Administrative Services Agreement between Unity and UWIC.***

Correspondence: Transmittal letter and Form D filing from Nancy Smith to Stephen Caughill dated February 11, 1997 for the subject transaction.

Nondisapproval letter from Richard Hinkel to Nancy Smith dated March 18, 1997 for the subject transaction.

Description: Unity and UWIC offer a point of service product under several liability. Unity underwrites the in-network portion of the policy and UWIC underwrites the out-of-network portion. Under the Administrative Services Agreement, Unity administers all of the benefits under the point of service policy, including those benefits that are the responsibility of UWIC. UWIC pays Unity 12% of the indemnity premium as consideration for services provided.

Transaction(s): ***UWS Guarantee on behalf of UHLIC; Agreement to Reimburse between UHLIC and UWS with a proposed effective date of February 20, 1997.***

Correspondence: Transmittal letter and Form D filing from Gail Hanson dated January 28, 1997 to Stephen Caughill for the subject transaction.

Nondisapproval letter from Stephen Caughill to Gail Hanson dated February 18, 1997 for the subject transaction.

Description: UWS provides a guarantee on behalf of UHLIC for borrowing under a line of credit with M&I Marshall & Ilsley Bank. The Reimbursement Agreement provides that in the event UWS is compelled to pay under the guarantee, UHLIC will reimburse UWS for an amount equal to such payment on the same day payment is made by UWS to the bank.

Transaction(s): ***Ordinary dividend declared by Unity.***

Correspondence: Transmittal letter from Gail Hanson to Richard Hinkel dated January 9, 1997 seeking nondisapproval of the subject dividend.

Nondisapproval letter from Stephen Caughill to Gail Hanson dated February

12, 1997 for the proposed dividend.

Description: Ordinary dividend declared by Unity in the amount of \$1,160,496.

Transaction(s): ***Termination Agreement between UWIC and AMSIC, dated December 31, 1996.***
Termination Agreement between UWLIC and AMSIC, dated December 31, 1996.

Correspondence: Transmittal letter and Form D filing from Gail Hanson dated January 2, 1997 to Stephen Caughill for the subject transactions.

Nondisapproval letter from Stephen Caughill to Gail Hanson dated January 23, 1997 for the subject transactions. Letter also states that UWLIC may admit balances due from UWIC for funds held under terminated reinsurance agreements on its 1996 statutory basis annual statement.

Description: Agreements terminate certain reinsurance agreements between AMSIC and UWLIC and between AMSIC and UWIC, effective December 31, 1996. The agreements presume a transfer of reserves from AMSIC to UWLIC and UWIC, respectively, effective with the terminations in a manner consistent with a bulk reinsurance transfer.

Transaction(s): ***UWS Guarantee for Unity Line of Credit; Agreement to Reimburse between Unity and UWS with a proposed effective date of November 30, 1997.***

Correspondence: Transmittal letter and Form D filing from Gail Hanson to Stephen Caughill dated December 9, 1997 for the subject transaction.

Nondisapproval letter from Stephen Caughill to Gail Hanson dated December 22, 1997 for the subject transaction.

Description: UWS provided a guarantee of borrowing on behalf of Unity under a line of credit with M&I Marshall & Ilsley Bank. The Reimbursement Agreement provides that in the event UWS is compelled to pay under the guarantee, Unity will reimburse UWS for an amount equal to such payment on the same day payment is made by UWS to the bank.

1998

Transaction(s): *Administrative Services Agreement between Compcare and CNR for Management of Mental Health and Substance Abuse Programs*
Administrative Services Agreement between Compare and CNR for Management of Behavioral Health Care Services for Compcare's Northwoods Health Plans
Administrative Services Agreement between Unity and United Wisconsin Proservices for services which enable Unity to receive UB92 and HCFA 1500 claim data by electronic submission

Correspondence: Submission letter to S. Caughill from N. Smith dated May 28, 1998.
Letter of nondisapproval to N. Smith from R. Hinkel dated June 16, 1998.

Description: *Administrative Services Agreement between Compcare and CNR for Management of Mental Health and Substance Abuse Programs*
Under this agreement, CNR manages mental health and substance abuse services for Compcare's Kenosha Medicaid program.

Administrative Services Agreement between Compare and CNR for Management of Behavioral Health Care Services for Compcare's Northwoods Health Plans
Under this agreement, CNR provides Compcare with managed behavioral healthcare services for health benefits plans offered under Compcare's Northwoods Joint Venture

Administrative Services Agreement between Unity and United Wisconsin Proservices for services which enable Unity to receive UB92 and HCFA 1500 claim data by electronic submission
Under this agreement, Proservices provides services to enable Unity to receive UB92 and HCFA 1500 claim data by electronic submission.

Transaction(s): *UWIC/Heartland Dental POS Administrative Services Agreement*
UWIC/Heartland Dental Out of Area Administrative Services Agreement
UWIC/Heartland Dental POS Administrative Services Agreement
UWIC/Heartland Dental Milw. Metro Assn. Of Commerce Services Agreement
UWIC/UWLIC Quota Share Reinsurance for POS Plans
Compcare/Heartland Dental Assumption Reinsurance Agreement
UWIC/Heartland Dental Excess of Loss Reinsurance Agreement
Sublease Agreement between Compcare, Heartland Dental, ADPW, Family Care, and Local Union No. 72.

Lease Assignment Agreement between Compcare and Heartland Dental for Hales Corners Property

Lease Assignment Agreement between Compcare and Heartland Dental for Kenosha Property

Correspondence: Submission letter to S. Caughill from N. Smith dated May 6, 1998

Letter of nondisapproval to N. Smith from S. Caughill dated June 5, 1998

Description: *UWIC/Heartland Dental POS Administrative Services Agreement*
Heartland Dental underwrites the LSHO portion of a dental point of service plan and UWIC underwrites the indemnity portion. Under this agreement, Heartland Dental will provide administrative services to UWIC on all UWIC's business associated with the point of service plan. Under the agreement, the administrator attributes 10% of the gross premium to the indemnity premium.

UWIC/Heartland Dental Out of Area Administrative Services Agreement
UWIC underwrites out-of-area dental insurance products. Under this agreement, Heartland Dental will provide administrative services to UWIC on all UWIC's business associated with the out-of-area products.

UWIC/Heartland Dental POS Administrative Services Agreement
Heartland Dental underwrites the LSHO portion of a dental point of service plan and UWIC underwrites the indemnity portion. Under this agreement, Heartland Dental will provide administrative services to UWIC on all UWIC's business associated with the point of service plan. Under the agreement, the administrator attributes 15% of the gross premium to the indemnity premium.

UWIC/Heartland Dental Milw. Metro Assn. Of Commerce Services Agreement
Under this agreement, UWIC provides certain administrative services to Heartland Dental in regard to the Milwaukee Metropolitan Association of Commerce block of business.

UWIC/UWLIC Quota Share Reinsurance for POS Plans
Under this agreement, UWLIC cedes to UWIC 100% of the net earned premium attributable to the indemnity coverage underwritten by UWLIC for Heartland Dental's point of service plan.

Compcare/Heartland Dental Assumption Reinsurance Agreement
Under this agreement, Compcare cedes to Heartland Dental, on an assumption reinsurance basis, all liability after the effective date arising under the dental insurance policies underwritten by Compcare.

UWIC/Heartland Dental Excess of Loss Reinsurance Agreement

Under this agreement, Heartland Dental cedes to UWIC a portion of the premium and excess claim liability relating to the benefits underwritten by Heartland Dental on its point of service plan.

Sublease Agreement between Compcare, Heartland Dental, ADPW, Family Care, and Local Union No. 72.

Under this Sublease Assignment, Compcare assigns its rights and obligations under a sublease agreement to Heartland Dental.

Lease Assignment Agreement between Compcare and Heartland Dental for Hales Corners Property

Under this lease assignment, Compcare assigns its rights and obligations under the lease to Heartland Dental.

Lease Assignment Agreement between Compcare and Heartland Dental for Kenosha Property

Under this lease assignment, Compcare assigns its rights and obligations under the lease to Heartland Dental.

Transaction(s): ***BCBSUW and Meridian Resource Corp. Service Agreement***

Correspondence: Submission letter to S. Caughill from N. Smith dated April 27, 1998
Letter of nondisapproval to N. Smith from S. Caughill dated May 21, 1998

Description: Under this agreement, MRC provides hospital bill audits and DRG validation audits for BCBSUW with respect to BCBSUW's Medicare Risk Program. MRC is compensated at the contingency rate of 40% of the net amount of overcharges minus underbillings. No charge on claims unless savings are found on behalf of BCBSUW.

Transaction(s): ***BCBSUW and MMC Service Agreement to Provide Prenatal Education Program***

Correspondence: Submission letter to S. Caughill from N. Smith dated April 29, 1998
Letter of nondisapproval to N. Smith from S. Caughill dated May 21, 1998

Description: MMC provides health information, patient prenatal care education and screening, program communication and prenatal case management services. Under this agreement, MMC provides such services to employees of UWS and its affiliates. MMC to provide its program to company members at the

rate of \$225.00 per case.

Transaction(s): ***UWS Dividend Payments in 1998***

Correspondence: Submission letter to S. Caughill from G. Hanson dated March 26, 1998
Letter of nondisapproval to G. Hanson from S. Caughill dated April 2, 1998

Description: UWS sought dividends from its subsidiaries as follows:
Unity - \$1,266,244 – Ordinary
Valley - \$1,045,887 – Extraordinary
UWIC - \$3,000,000 – Extraordinary

Transaction(s): ***Eleven Intercompany Service Agreements between BCBSUW and Affiliates***

Correspondence: Submission letter to S. Caughill from N. Smith dated February 16, 1998
Letter of nondisapproval to N. Smith from S. Caughill dated March 27, 1998

Description: 1. BCBSUW and UWS have an existing service agreement that extends to subsidiaries of UWS, including MRC. MRC provides consulting services, including the Meridian Profiling System, the Standard Hospital Cost Index, and external accreditation services, to various companies affiliated with BCBSUW and UWS and to outside entities on a third party contract basis. MRC also provides the Wisconsin Bureau of Health Care financing with various services to support the daily management of the Wisconsin Medicaid Program through the Medicaid Evaluation and Decision support Project. UWS provides the employees and BCBSUW and UWS provide the other business resources and services necessary for the continued operation of MRC's consulting business. By entering into this agreement, the parties wish to establish an employee leasing arrangement, the services and resources that BCBSUW and UWS will continue to provide to MRC and the compensation and cost allocations therefor, and the respective rights and responsibilities of the parties.

2. BCBSUW and UWS have an existing service agreement that extends to subsidiaries of UWS, including MRC. MRC provides hospital bill audit services to various companies affiliated with BCBSUW and UWS on a third party contract basis and also contracts with outside entities to provide hospital bill audit and claims audit services. UWS provides the employees and BCBSUW and UWS provide the other business resources and services necessary for the continued operation of MRC's audit services. By entering

into this agreement, the parties wish to establish an employee leasing arrangement, the services and resources that BCBSUW and UWS will continue to provide to MRC and the compensation and cost allocations therefor, and the respective rights and responsibilities of the parties.

3. BCBSUW and UWS have an existing service agreement that extends to subsidiaries of UWS, including Proservices. Proservices created and operates an electronic billing and claims network that links health care providers and payors throughout Wisconsin and elsewhere. BCBSUW provides the employees and BCBSUW and UWS provide the other business resources and services necessary for the continued operation of Proservices' business. By entering into this agreement, the parties wish to establish an employee leasing arrangement, the services and resources that BCBSUW and UWS will continue to provide to Proservices and the compensation and cost allocations therefor, and the respective rights and responsibilities of the parties.

4. BCBSUW and UWS have an existing service agreement that extends to subsidiaries of UWS, including MRC. MRC provides subrogation and recovery services, fraud and abuse investigation services and collection services to BCBSUW and various affiliates of UWS. MRC also contracts with outside entities to provide subrogation and recovery services. UWS provides the employees and BCBSUW and UWS provide the other business resources and services necessary for the continued operation of MRC's investigation and recovery services. By entering into this agreement, the parties wish to establish an employee leasing arrangement, the services and resources that BCBSUW and UWS will continue to provide to MRC and the compensation and cost allocations therefor, and the respective rights and responsibilities of the parties.

5. BCBSUW and UWS have an existing service agreement that extends to subsidiaries of UWS, including CHS and MMC. CHS operates a health maintenance organization ("HMO") through which CHS (i) markets, underwrites and services CHS group plans, including Medicaid plans; (ii) markets and services the CHS point of service plans, with CHS underwriting the HMO portion and UWIC underwriting the indemnity portion; and (iii) markets and services CHS out-of-area products which are underwritten by UWLIC. MMC provides the employees and BCBSUW and UWS provide the other business resources and services necessary for the continued operation of CHS's business. By entering into this agreement, the parties wish to establish an employee leasing arrangement, the services and resources that BCBSUW and UWS will continue to provide to CHS and that CHS will continue to provide to various companies affiliated with BCBSUW and UWS, the compensation and cost allocations therefor, and the respective rights and responsibilities of the parties.

6. BCBSUW and UWS have an existing service agreement that extends to subsidiaries of UWS, including CHS and MMC. CHS operates a pharmacy as an unincorporated business unit. The pharmacy provides to the insureds of BCBSUW and affiliated insurers, on a third party contract basis, pharmaceutical products and services. MMC provides the employees and BCBSUW and UWS provide the other business resources and services necessary for the continued operations of CHS's pharmacy business. By entering into this agreement, the parties wish to establish an employee leasing arrangement, the services and resources that BCBSUW and UWS will provide for continued operation of CHS's pharmacy, the compensation and cost allocations therefor, and the respective rights and responsibilities of the parties.

7. BCBSUW and UWS have an existing service agreement that extends to subsidiaries of UWS, including CHS and MMC. CHS operates a pharmacy benefits management service as an unincorporated business unit, providing such service to BCBSUW and other subsidiaries of UWS and to outside parties with which CHS contracts. MMC provides the employees and BCBSUW and UWS provide the other business resources and services necessary for the continued operations of CHS's pharmacy benefits management services. By entering into this agreement, the parties wish to establish an employee leasing arrangement, the services and resources that BCBSUW and UWS will continue to provide to CHS's pharmacy benefits management service and that CHS will continue to provide to BCBSUW and subsidiaries of UWS, the compensation and cost allocations therefor, and the respective rights and responsibilities of the parties.

8. BCBSUW and UWS have an existing service agreement that extends to subsidiaries of UWS, including MMC. MMC provides care services management and medical director services to BCBSUW and subsidiaries of UWS and to outside entities with which it contracts. By entering into this agreement the parties wish to establish an employee leasing arrangement, the services and resources that BCBSUW and UWS will continue to provide to MMC and MMC will continue to provide to BCBSUW and subsidiaries of UWS, the compensation and cost allocations therefor, and the respective rights and responsibilities of the parties.

9. BCBSUW and UWS have an existing service agreement that extends to subsidiaries of UWS, including UWIC, UHLIC and UWLIC. Under independent third-party contracts, UWIC performs sales, underwriting, accounting, data processing, and other functions for group disability, life, dental and vision products written by UWIC and/or UHLIC, or written by UWLIC and reinsured by UHLIC. UWIC also underwrites an individual Medicare product, and BCBSUW provides all of the marketing and

administrative services in connection with this product. BCBSUW and UWS provide other business resources and services for the UWIC, UWLIC and UHLIC business. By entering into this agreement the parties wish to establish an officer leasing arrangement, the services and resources that BCBSUW and UWS will continue to provide to UWIC and the compensation and cost allocations therefor, and the respective rights and responsibilities of the parties.

10. BCBSUW and UWS have an existing service agreement that extends to subsidiaries of UWS, including UHI. UHI is a managing general agent for the sales and servicing of workers' compensation business insured by UWIC, or by other insurers in states where UWIC is not licensed. BCBSUW and UWS provide business resources and services necessary for the continued operation of UHI's business. By entering into this agreement, the parties wish to establish an officer leasing arrangement, the services and resources that BCBSUW and UWS will continue to provide to UHI and the compensation and cost allocations therefor, and the respective rights and responsibilities of the parties.

11. BCBSUW and UWS have an existing service agreement under which each provides various services to the other. UWIC provides both BCBSUW and UWS with officer services. By entering into this agreement the parties wish to establish an officer leasing arrangement, the services and resources that BCBSUW and UWS will continue to provide to each other and the compensation and cost allocations therefor, and the respective rights and responsibilities of the parties.

Transaction(s):	<i>UWS/UWLIC Line of Credit Guarantee and Reimbursement Agreement</i> <i>UWS/AMSIC-GA Line of Credit Guarantee and Reimbursement Agreement</i>
Correspondence:	Submission letter to S. Caughill from G. Hanson dated January 8, 1998 Letter of nondisapproval to G. Hanson from S. Caughill dated January 28, 1998
Description:	<i>UWS/UWLIC Line of Credit Guarantee and Reimbursement Agreement</i> UWS guarantee of borrowing by UWLIC under a line of credit with Bank One Wisconsin. The borrowing entity will in turn agree to reimburse UWS for any payment on its behalf as a result of this guarantee. <i>UWS/AMSIC-GA Line of Credit Guarantee and Reimbursement Agreement</i> UWS guarantee of borrowing by AMSIC-GA under a standby Letter of Credit with Bank One Wisconsin. The borrowing entity will in turn agree to

reimburse UWS for any payment on its behalf as a result of this guarantee.

Transaction(s): *Quota Share Reinsurance Agreement between UWLIC and UHLIC*
Amendment to Quota Share Reinsurance Agreement between UWLIC and UHLIC
Quota Share Reinsurance Agreement between UWLIC and UWIC for Policies Administered by CNR
Assumption Reinsurance Agreement between UWLIC and UWIC for certain Compcare out of area indemnity and Kenosha Health Care Plan (“KHCP”) traditional health insurance policies
Assumption Reinsurance Agreement between UWLIC and UWIC for certain Heartland Dental out of area indemnity and POS out of network indemnity business
Amendment to Reinsurance Agreement between UWLIC and UWIC
Administrative Services Agreement among UWLIC, Newco and BCBSUW
Administrative Services Agreement between UWLIC and UWIC

Correspondence: Submission letter to S. Caughill from K. Fitzgerald dated June 19, 1998
Letter to K. Fitzgerald/G. Hanson from S. Caughill dated July 14, 1998
Letter to S. Caughill from K. Fitzgerald dated July 30, 1998.
Letter to S. Caughill from G. Hanson dated August 14, 1998.
Letter of nondisapproval to K. Fitzgerald/G. Hanson from S. Caughill dated August 19, 1998.

Description: *Quota Share Reinsurance Agreement between UWLIC and UHLIC*
Pursuant to this agreement, UWLIC cedes and UHLIC accepts 100% of net earned premium attributable to life insurance coverage underwritten by UWLIC and marketed by MMS (the “Meridian Life Coverage”). Additionally, UHLIC accepts 100% of the liability relating to the Meridian Life Coverage. UHLIC receives 100% of the net earned premium attributable to the Meridian Life Coverage as compensation under the agreement. UWLIC receives a ceding commission from UHLIC equal to one-half of one percent (0.5%) of the gross premiums of the Meridian Life Coverage.

Amendment to Quota Share Reinsurance Agreement between UWLIC and UHLIC
This amendment amends a quota share reinsurance agreement between UWLIC and UHLIC, dated January 1, 1997, which provides for UHLIC’s

reinsurance of certain life insurance sold by UWLIC (the “UWLIC Life Coverage”). The amendment amends provisions of the original agreement so that it provides:

- (1) In consideration for UHLIC accepting liability under the quota share reinsurance agreement, UWLIC agrees to pay UHLIC 100% of net earned premium on the UWLIC Life Coverage. Additionally, UHLIC agrees to pay UWLIC a ceding commission of one-half of one percent (0.5%) of gross premium related to the UWLIC Life Coverage;
- (2) UHLIC agrees to provide full administrative services for the UWLIC Life Coverage; and
- (3) UHLIC has the sole right to terminate the agreement, and can only do so by affording UWLIC one hundred eighty (180) days prior written notice.

Quota Share Reinsurance Agreement between UWLIC and UWIC for Policies Administered by CNR

Pursuant to this agreement, UWLIC cedes and UWIC accepts 100% of the net earned premium attributable to certain mental and behavioral health insurance policies which UWLIC underwrites and which are administered by CNR (the “CNR Administered Policies”). Additionally, UWIC accepts 100% of the liability relating to the CNR Administered Policies. UWIC receives 100% of the net earned premium attributable to the CNR Administered Policies as compensation under the agreement. UWLIC receives a ceding commission from UWIC equal to one-half of one percent (0.5%) of the gross premiums of the CNR Administered Policies.

Assumption Reinsurance Agreement between UWLIC and UWIC for certain Compcare out of area indemnity and KHCP traditional health insurance policies

Pursuant to this agreement, UWLIC transfers and assigns to UWIC all of its rights and obligations under certain insurance policies by which UWLIC provides coverage for Compcare out of area indemnity and KHCP traditional health insurance risks (the “Compcare/KHCP Insurance Policies”). The Compcare/KHCP Insurance Policies arose from a joint venture, which had been terminated, between UWLIC and certain affiliates. As consideration for this agreement, UWLIC assigns to UWIC 100% of the premium received on the Compcare/KHCP Insurance Policies (the “Compcare/KHCP Premiums”). UWIC pays UWLIC a ceding commission equal to one-half of one percent (0.5%) of the Compcare/KHCP Premiums.

Assumption Reinsurance Agreement between UWLIC and UWIC for certain Heartland Dental out of area indemnity and POS out of network indemnity business

Pursuant to this agreement, UWLIC transfers and assigns to UWIC all of its rights and obligations under certain insurance policies by which UWLIC provides coverage for certain Heartland Dental out of area indemnity risks, and Heartland Dental POS out of network indemnity risks (the “Heartland Dental Insurance Policies”). The Heartland Dental Insurance Policies arose from a joint venture, which was terminated, between UWLIC and certain affiliates. As consideration for this agreement, UWLIC assigns to UWIC 100% of the premium received on the Heartland Dental Insurance Policies (the “Heartland Dental Premiums”). UWIC pays UWLIC a ceding commission equal to one-half of one percent (0.5%) of the Heartland Dental Premiums.

Amendment to Reinsurance Agreement between UWLIC and UWIC

This amendment amends a reinsurance agreement between UWLIC and UWIC, dated January 1, 1996, which obligates UWLIC to reinsure certain health insurance sold by UWIC in the state of Minnesota (the “Minnesota Coverage”). The amendment amends provisions of the original agreement so that it provides:

- (1) In consideration for UWLIC accepting 100% of UWIC’s liability under the Minnesota Coverage, UWIC agrees to assign 100% of net earned premium on the Minnesota Coverage to UWLIC . Additionally, UWLIC agrees to pay UWIC a ceding commission of one-half of one percent (0.5%) of gross premium related to the Minnesota Coverage;
- (2) UWLIC agrees to provide full administrative services for the Minnesota Coverage;
- (3) Neither party may assign its rights and obligations under the agreement; and
- (4) UWLIC has the sole right to terminate the agreement, and can only do so by affording UWIC ninety (90) days prior written notice.

Administrative Services Agreement among UWLIC, Newco and BCBSUW

a) Pursuant to this agreement, BCBSUW and Newco provide the following services relative to certain UWLIC insurance policies that are produced and managed by BCBSUW and Newco (the “Administrative Services”): underwriting services; basic services related to policy administration, regulation of policy forms and rates, and marketing; claims administration services; and record retention and reporting services.

(b) The agreement authorizes BCBSUW and Newco and its subsidiaries to produce and market certain UWLIC insurance policies that are issued in connection with various insurance products that are marketed, produced, administered and reinsured by BCBSUW and/or Newco and its affiliates (the “Administered Business”). In addition to providing the Administrative

Services outlined in (a), the agreement also obligates BCBSUW and/or Newco to arrange for 100% reinsurance of UWLIC's obligation pursuant to the Administered Business (the "Administrative Business Reinsurance Agreements").

Compensation under the agreement is as follows:

- (1) UWLIC receives 0.5% of gross monthly premiums attributable to the Administered Business, which represents its ceding commission under the Administered Business Reinsurance Agreements (the "Ceding Commission");
- (2) BCBSUW and/or Newco receive 100% of gross monthly premiums, out of which they will pay the Ceding Commission, the reinsurance premium due under the Administered Business Reinsurance Agreements, and any premium taxes or other expenses of UWLIC that are directly attributable to the Administered Business.

The initial term of the agreement is for ten (10) years from the date it is executed. It then automatically renews for subsequent one year terms, subject to the parties' rights of termination.

Administrative Services Agreement between UWLIC and UWIC

(a) Pursuant to this agreement, UWIC provides the following services to UWLIC, relative to certain life insurance conversion policies underwritten by UWLIC as part of its group life business: issuance of new policies; establishment of reserves; billing and collection of premium; journal entries; customer service; and claims administration.

(b) Pursuant to this agreement, UWIC provides administrative services to UWLIC relative to certain life conversion policies underwritten by UWLIC. In return, UWLIC pays UWIC an initial fee of two hundred fifty dollars (\$250.00) per conversion policy, and an ongoing monthly fee of fifty dollars (\$50.00) per in force conversion policy.

Transaction(s): ***Intercompany Administrative Services Agreement between MRC and AMS***

Correspondence: Submission letter to S. Caughill from N. Smith dated August 17, 1998

Description: Under this agreement, MRC provides AMS with fraud and abuse investigation and recovery services.

Transaction(s): ***UWS Guarantee of UWLIC Borrowings Under First Chicago Line of Credit***

Correspondence: Submittal letter from G. Hanson to S. Caughill dated July 15, 1998
Letter of nondisapproval from S. Caughill to G. Hanson dated July 27, 1998

Description: UWS guarantee of borrowing by UWLIC under a line of credit with The First National Bank of Chicago. UWLIC in turn agrees to reimburse UWS for any payment on its behalf as a result of this guarantee.

Transaction(s): ***AMSH Guarantee of UWLIC Borrowings Under First Chicago Line of Credit***

Correspondence: Submittal letter from G. Hanson to S. Caughill dated July 10, 1998
Nondisapproval letter from S. Caughill to G. Hanson dated July 29, 1998

Description: AMSH guarantee of borrowing by UWLIC under a line of credit with The First National Bank of Chicago. UWLIC in turn agrees to reimburse AMSH for any payment on its behalf as a result of this guarantee.

Transaction(s): ***BCBSUW Guarantee of UWS Line of Credit***

Correspondence: Submittal letter from G. Hanson to S. Caughill dated October 5, 1998
Letter of nondisapproval from S. Caughill to G. Hanson dated October 27, 1998

Description: BCBSUW guarantee of borrowing by UWS under a line of credit with M&I Marshall & Ilsely Bank. UWS in turn agrees to reimburse BCBSUW for any payment on its behalf as a result of this guarantee.

Transaction(s): ***UWIC/UWS – Transfer of Individual Accident and Health Business***

Correspondence: Submittal letter from N. Smith to S. Caughill dated October 2, 1999
Letter of nondisapproval from S. Caughill to N. Smith dated October 14, 1999

Description: UWLIC cedes to UWIC by assumption reinsurance certain individual UWLIC accident and health policies. UWIC is provided 100% of the premium received by UWLIC for the underlying business as the reinsurance premium.

Transaction(s): ***UWLIC/MRC Agreement for Investigative Services***

Correspondence: Submission letter to S. Caughill from N. Smith dated August 27, 1998
Letter of nondisapproval to N. Smith from S. Caughill dated September 11, 1998

Description: Under this agreement, MRC provides UWLIC with fraud and abuse investigation and recovery services.

Transaction(s): ***Agreement between UWIC and Compcare relating to certain out-of-area insurance products***
Agreement between UWIC to Heartland Dental relating to certain dental out-of-area insurance products. (These out-of-area products were underwritten by UWLIC and ceded to UWIC making it necessary to execute new administrative services agreements.)

Correspondence: Transmittal letter to S. Caughill from N. Smith dated September 3, 1998
Letter of nondisapproval to N. Smith from R. Hinkel dated September 23, 1998

Description: The Form D sought nondisapproval of administrative services agreement for certain out-of-area products. UWIC underwrites certain insurance products for which Heartland provides administrative services.

1999

Transaction(s): Amendments to Reinsurance:
*UWLIC/UHLIC for BC Administered Life*³
UWLIC/UWIC for CNR Administered Coverage
UWLIC/UWIC for Individual Medical Coverage
UWLIC/UWIC for DentaCare Policies
UWLIC/UWIC for Compcare Policies
UWLIC/UHLIC for Quota Share Life
UWLIC/UWIC for Minnesota Policies

Correspondence: Submission letter from Nancy Smith to Stephen Caughill dated December 29, 1998

Letter of nondisapproval from Stephen Caughill to N. Smith dated January 25, 1999

Description: The amendments relate to reinsurance agreements between the above parties and an administrative services agreement, each of which were previously filed as Form D filings and nondisapproved. Each of the amendments relates to the spin-off by UWS of its managed care and specialty business which occurred in September 1998. The amendments reflect the parties' agreement to revise the effective date of the reinsurance agreements to January 1, 1998, to allow UWLIC to change its name as of January 1, 2000, and to limit the type of business that UWLIC may underwrite to life, disability and death/dismemberment.

Transaction(s): ***Guarantees for BCA Licensing***

Correspondence: Submission letter to S. Caughill from G. Hanson dated August 31, 1999

Letter to G. Hanson from S. Caughill dated October 12, 1999

Facsimile to S. Caughill from G. Hanson dated November 2, 1999

Letter of nondisapproval to G. Hanson from S. Caughill dated November 4, 1999

Letter supplementing Form D Filing to S. Caughill from N. Smith dated December 2, 1999

³ Previously referred to as Meridian Life Coverage.

Description: The Form D relates to an indemnification agreement between UGS, Compcare and BCBSUW. Compcare was in the process of becoming licensed to utilize the Blue Cross and Blue Shield trademarks on its products. Under the licensing rules promulgated by the BCA, BCBSUW (as the primary licensee of BCA) is required to provide an indemnification on behalf of Compcare. UWS was also required to enter into an indemnification agreement with Compcare. Pursuant to a discussion between S. Caughill and G. Hanson, the agreements were amended and the Form D was supplemented after approval to reflect the imposition of a fee in exchange for the financial guarantee and indemnification. As part of the same filing, BCBSUW also proposed to provide an indemnification guarantee on behalf of UGS to BCA.

Transaction(s): ***Extension of a Collateralized Note***

Correspondence: Submission letter to S. Caughill from G. Hanson dated August 24, 1999

Letter to S. Caughill from G. Hanson dated September 22, 1999 enclosing pro forma adjustments to BCBSUW's statutory capital & surplus

Letter of nondisapproval to G. Hanson from S. Caughill dated September 24, 1999

Description: Request for an extension on a collateralized note. BCBSUW has an outstanding collateralized note of \$70 million with UWS which matures on October 30, 1999. The parties propose to extend the note through April 30, 2001.

Transaction(s): ***BCBSUW/MMC – Medicare HMO Administrative Services***

Correspondence: Submission letter to S. Caughill from N. Smith dated February 11, 1999

Nondisapproval letter to N. Smith from S. Caughill dated March 1, 1999

Description: A Medicare HMO Administrative Services Agreement. Under this agreement, MMC provides managed care administrative services, including utilization management, pre-admission certification, case management, disease management, referral processing and risk assessment in accordance with specific performance standards. Consideration: \$8.53 per member per month.

Transaction(s): ***UWS Dividend Request***

Correspondence: Dividend request letter to S. Caughill from G. Hanson dated March 30, 1999

Letter to G. Hanson from S. Caughill requesting additional information dated April 22, 1999

Letter from G. Hanson to S. Caughill dated April 23, 1999

Nondisapproval letter from S. Caughill to G. Hanson dated April 26, 1999

Description: The filing requested that the following dividends be paid to UWS by its insurance subsidiaries on 5/12/99.

	<u>Proposed Dividend</u>	<u>Ordinary Dividend Capacity</u>
Compcare	\$4,000,000 (1)	\$1,611,443
Unity	2,700,000	743,269
UWIC	1,700,000	1,352,482
Heartland Dental Plan, Inc.	<u>1,000,000</u>	629,522
	<u>\$9,400,000</u>	

(1) Includes Compcare passing on to UWS the \$1 million dividend it receives from Heartland Dental.

Transaction(s): ***Administrative Services Agreements for Fraud and Recovery Services provided by MRC to Valley and Unity.***

Correspondence: Submission letter to S. Caughill from N. Smith dated April 20, 1999

Description: Administrative Services Agreements whereby MRC provides the insurers with fraud and abuse investigation and recovery services. Insurers to pay MRC 15% of total recovery.

Transaction(s):

1. ***Administrative Services Agreement between UWIC and UHLIC for underwriting, enrollment, accounting and other services***
2. ***Administrative Services Agreement between BCBSUW and MRC for fraud investigation***
3. ***Administrative Services Agreement between BCBSUW and MRC for claims identification***
4. ***Administrative Services Agreement between BCBSUW and MRC for collection services***
5. ***Administrative Services Agreement between Compcare and MRC***

- for collection services*
6. ***Administrative Services Agreement between Compcare and MRC for fraud investigation***
 7. ***Administrative Services Agreement between Compcare and MRC for claims identification***

Correspondence: Submittal letter to S. Caughill from N. Smith dated May 21, 1999

Nondisapproval letter to N. Smith from S. Caughill dated June 14, 1999

Description:

1. ***Administrative Services Agreement between UWIC and UHLIC for underwriting, enrollment, accounting and other services.*** Under this agreement, UWIC provides UHLIC with underwriting, enrollment, accounting, marketing, computer and other management services. Consideration: Cost basis.
2. ***Administrative Services Agreement between BCBSUW and MRC for fraud investigation.*** Under this agreement, MRC provides BCBSUW with fraud investigation services. Consideration: 42% of recovery.
3. ***Administrative Services Agreement between BCBSUW and MRC for claims identification.*** Under this agreement, MRC provides BCBSUW with services to identify potential subrogation claims, workers' compensation claims, and other claims for which another party may be liable. Consideration: varies depending on method of resolution.
4. ***Administrative Services Agreement between BCBSUW and MRC for collection services.*** Under this agreement, MRC provides BCBSUW with collection services for claim overpayment and delinquent accounts. Consideration: 12% of all accounts recovered up to a maximum of \$6,000 on any one case.
5. ***Administrative Services Agreement between Compcare and MRC for collection services.*** Under this agreement, MRC provides Compcare with collection services for claim overpayment and delinquent accounts. Consideration: 12% of all accounts recovered up to a maximum of \$6,000 on any one case.
6. ***Administrative Services Agreement between Compcare and MRC for fraud investigation.*** Under this agreement, MRC provides Compcare with fraud investigation services. Consideration: 42% of total recovery.
7. ***Administrative Services Agreement between Compcare and MRC for claims identification.*** Under this agreement, MRC provides Compcare with services to identify potential subrogation claims, workers' compensation claims, and other claims for which another party may be liable. Consideration: varies depending on method of resolution.

Transaction(s): ***Unity Joint Venture and related transactions.***
Second Amended and Restated Joint Venture Agreement between UWS,

BCBSUW, Unity, UHC, University Community Clinic, Inc., and Health Professionals of Wisconsin, Inc., dated September 30, 1999 (“UHC Agreement”).

Amended and Restated Joint Venture Agreement between Unity, BCBSUW, UWS and Community Health Systems, LLC, dated October 25, 1999 (“CHS Agreement”).

Correspondence: Nondisapproval letter to N. Smith from S. Caughill dated December 10, 1999

Description: The UHC Agreement continues the U-Care joint venture established in 1994 under amended and restated terms and conditions. The UHC Agreement coordinates the design and marketing of one or more point of service and HMO products in the Dane County area under a capitated fee arrangement in conjunction with the CHS joint venture. The CHS Agreement continues the HMOW joint venture also established in 1994 under amended and restated terms and is designed to provide similar products and services to the rural counties surrounding Dane County in conjunction with the UHC joint venture.