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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor  
Theodore K. Nickel, Commissioner

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July 11, 2013

ANN ROSS  
FOLEY & LARDNER LLP  
150 E GILMAN ST  
MADISON WI 53701 1497

Re: Form A – Acquisition of Control of Dean Health Insurance, Inc. (“DHI”) and Dean Health Plan, Inc. (“DHP”) by SSM Healthcare Corporation and FPP, Inc.

Dear Ms. Ross:

The State of Wisconsin Office of the Commissioner of Insurance (the “Department”) has completed its initial review of the above-referenced Form A filing submitted on June 18, 2013 by SSM Health Care Corporation and FPP, Inc. (“Applicants”). Our review identified certain items requiring follow-up, as indicated below. **To ensure that the Form A review continues to move forward expeditiously, please provide the following information at your earliest convenience:**

1. **Shareholder Resolution:** *Please provide a certified copy of the DHS shareholder resolution approving the Merger Agreement.*
2. **Merger Consideration:** In Item 4, the Form A filing states: “The Applicants have sufficient cash on hand to pay the Merger Consideration without having to borrow from third parties, and the Merger Agreement contains no financing contingency. Notwithstanding that fact, SSM does intend to replenish its cash reserves through a short term loan facility of up to \$[REDACTED] from Citibank, N.A.” In addition, Item 4 provided a calculation of the Estimated Merger Consideration (estimated to be \$[REDACTED]).

In Exhibit 13 to the Form A filing (Consolidated Balance Sheets), the Applicants reported current assets totaling \$1.08B (including \$131.5M cash and short-term investments).

- a) *Please identify the specific source of funds (including the anticipated amount from each source) that will be used to effect the proposed transaction (including the amount of anticipated borrowing under the short-term facility to replenish the cash reserves).*
  - b) *The Term Sheet for the Citibank short-term loan facility indicates a proposed maturity date of 9-months from the closing date. What are the Applicant’s contingency plans in the event additional time will be needed to repay the loan?*
3. **2012/2011 Consolidated Financial Statements:**
    - a) The SSM Consolidated Financial Statements, as of and for the years ended December 31, 2012 and 2011, were missing page 33. **Please provide a copy of the missing page 33.**
    - b) In Note 10 (Debt), it states: “SSMHCC is a member of the SSM Health Care Credit Group (Credit Group) and the only Obligated Group Member pursuant to a Master Trust Indenture (amended and restated) dated May 15, 1998...Certain of SSMHC’s affiliates are “Designated Affiliates” under the Master Trust Indenture. The net assets of the Designated Affiliates are available to SSMHCC to service all obligations under the Master Trust Indenture.” Please discuss:

- i. Will DHI and DHP be "Designated Affiliates" under the Master Trust Indenture?*
  - ii. If yes, will there be any guarantees/agreements in place to ensure that, in the event DHI and DHP net assets are used to service obligations under the Master Trust Indenture, DHI and DHP's capital and surplus will not be adversely impacted, and will continue to meet Wisconsin's statutory capital and surplus requirements for insurers at all times?*
4. Employee Benefit Plan: It is our understanding that SSMHC administers several qualified and non-qualified pension plans for its employees. Please discuss:
  - i. Under federal law, if SSMHC has not made the minimum required contributions with respect to the employee benefit plans it administers, will DHI and DHP be contingently liable, jointly and severally with all other members of the controlled group, to make such contributions?*
  - ii. If yes, will there be any guarantees/agreements in place to ensure that, in the event DHI and DHP are required to make contributions to fund the employee benefit plans, DHI and DHP's capital and surplus will not be adversely impacted, and will continue to meet Wisconsin's statutory capital and surplus requirements for insurers at all times?*
5. Hart-Scott-Rodino Anti-Trust (HSR) Determination: *Please provide a copy of the FTC's determination as to whether the proposed transaction will/will not adversely affect U.S. commerce under the federal anti-trust laws (when available).*

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

Sincerely,

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Bureau of Financial Analysis and Examinations  
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