



33 East Main Street  
P.O. Box 2113  
Madison, Wisconsin 53701-2113  
Tel 608.251.5000  
Fax 608.251.9166  
www.quarles.com

*Attorneys at Law in  
Phoenix and Tucson, Arizona  
Naples, Florida  
Chicago, Illinois  
Milwaukee and Madison, Wisconsin*

Writer's Direct Dial: 608.283.2463  
E-Mail: cristina.choi@quarles.com

November 22, 2013

**BY HAND DELIVERY**

Kristin L. Forsberg, CPA CFE  
Insurance Financial Examiner/Licensing Specialist  
Bureau of Financial Analysis and Examinations  
Office of the Commissioner of Insurance  
125 S. Webster St.  
Madison, WI 53702

2013 NOV 22 PM 12:01  
SUPERINTENDENT  
OF INSURANCE

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

Dear Kristin:

We have received your letter dated November 12, 2013, requesting additional information related to the above referenced Form A filing submitted on November 1, 2013 by Iowa Health System d/b/a UnityPoint Health (“UnityPoint Health”). The following are UnityPoint Health’s responses to your requests.

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



Completed biographical affidavits are attached.

- 2. Meriter’s Purchase of PPIG’s Interest: The Form A indicates that Meriter Health Systems, Inc. (“Meriter”) intends to purchase all of Physicians Plus Investment**

**Group's ownership interest in PPIC prior to the closing. Please provide the following information:**

**(a) When this transaction is expected to take place?**

The transaction is expected to receive final approval on December 4, and is expected to close as soon as possible thereafter.

**(b) Please provide a copy of the executed purchase agreement (when available).**

Attached is a near-final version of the purchase agreement. We will forward the executed purchase agreement as soon as it is available.

**(c) Please provide an explanation as to how the "fair market valuation" of the PPIC shares was (or will be) determined.**

The purchase price of the shares was determined by negotiation between the parties to that agreement. The parties expect to support that purchase price as no more than fair market value with a valuation from an independent expert.

**3. Meriter/PPIC Board Resolutions: Please provide a copy of the resolution(s) of the Meriter Board of Directors approving and authorizing the Affiliation transaction, including the resolution to amend Meriter's Articles and Bylaws, and a copy of the PPIC Board resolution approving the necessary amendments to its Articles and Bylaws.**

The resolutions of Meriter's Board of Directors approving the transaction are attached.

It is anticipated that Board approval for the amendment of the Articles and Bylaws will occur in early December. We will deliver copies of those resolutions as soon as they are adopted.

**4. Amended Articles and Bylaws: Please provide copies of the proposed Amended Articles and Bylaws for the following entities (which will be effective following the closing of the Affiliation transaction):**

- **UnityPoint Health**
- **Meriter Health Systems, Inc.**
- **Physicians Plus Insurance Corporation**

Amended Articles and Bylaws for all three entities are under negotiation and will be provided as soon as they are finalized.



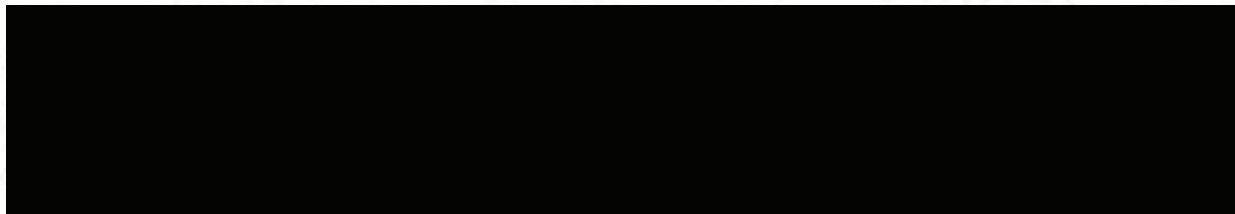
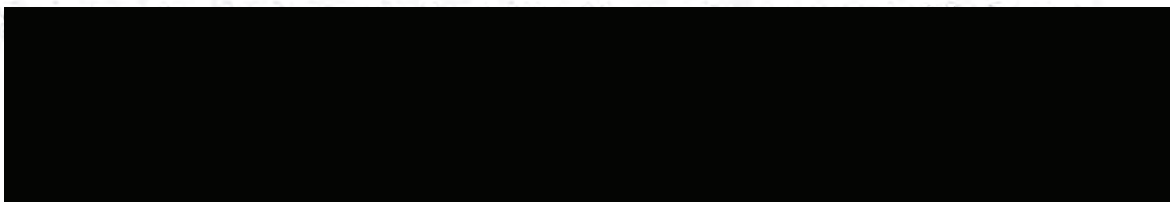
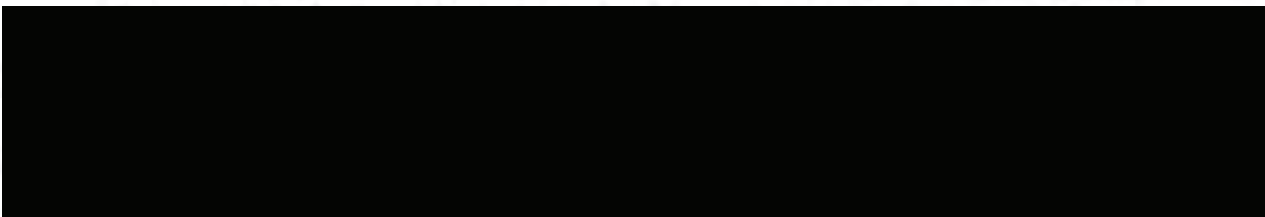
5. **Legal/Trade Name:** Section 3.4(a)(5) of the Affiliation Agreement indicates that the Integration Plan will address the adoption by Meriter and the Meriter Affiliates of the UnityPoint Health trade names and trademarks.

Wisconsin statutes (s. 180.0401 (2), Wis. Stat. for Business Corporations, and s. 181.0401 (2), Wis. Stat. for Non-Stock Corporations) requires that the corporate name be distinguishable from all other corporations authorized to transact business in this state. The “UnityPoint Health” name is substantially similar to the corporate name used by an HMO currently operating in Wisconsin (Unity Health Plans Insurance Corporation).

Please discuss how the proposed use of the UnityPoint Health trade names and trademarks will comply with the “distinguishability” requirements set-forth in s. 180.0401 (2) and 181.0401 (2), Wis. Stat.

UnityPoint Health and PPIC do not plan to change the name of PPIC or to require PPIC to use the UnityPoint Health trade name. Therefore, the parties do not anticipate a problem with the “distinguishability” requirements described above.


6. **Affiliation Agreement- Article 5:** Article 5 of the Affiliation Agreement was marked “RESERVED”. Please discuss whether the Parties intend to amend this agreement. If applicable, please discuss what Article 5 was intended to address.



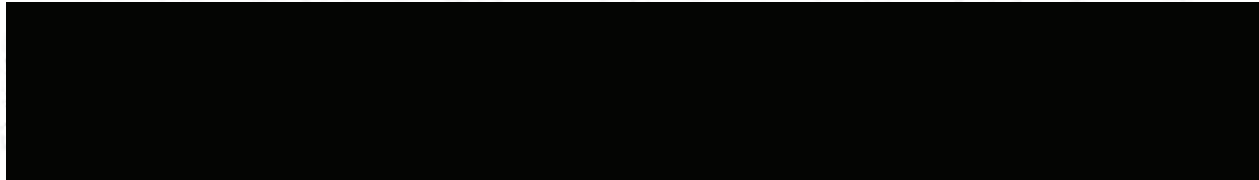
- 8. Capital Requirements - PPIC: Please discuss whether the Applicant is committed to maintaining a target level of capital and surplus for PPIC (i.e. - a threshold RBC ratio), and how the Applicant intends to ensure that the target level of capital and surplus is maintained.**

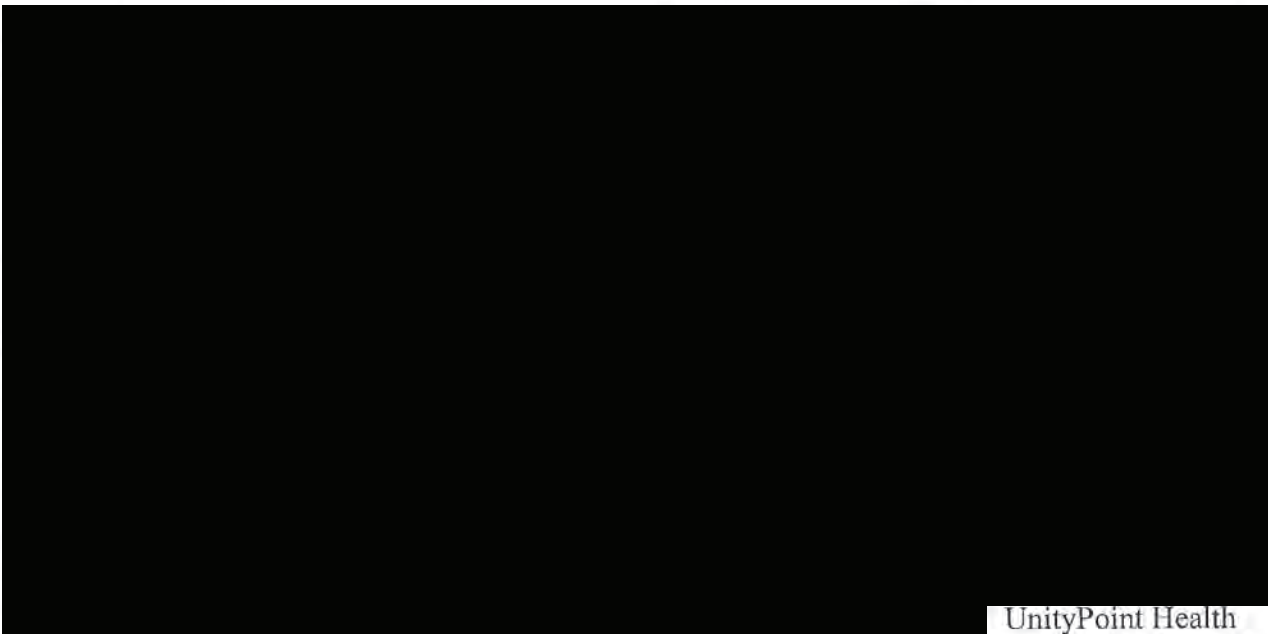
UnityPoint Health is committed to ensuring that PPIC will maintain the required level of capital and surplus, which will be supported by UnityPoint Health's strong balance sheet. Additionally, UnityPoint Health is committed to implementing and continuing business practices that will serve to improve the financial performance of PPIC to further ensure that the required level of capital and surplus is achieved and maintained.

- 9. PPIC's Affiliated Agreements: Please explain whether all existing agreements between PPIC and its Meriter affiliates will continue as is after the closing of the proposed affiliation. If applicable, please discuss whether PPIC intends to submit a Form D filing (pursuant to s. Ins 40.17, Wis. Adm. Code) regarding the PPIC affiliated agreements which will be terminated and/or amended following the closing.**

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

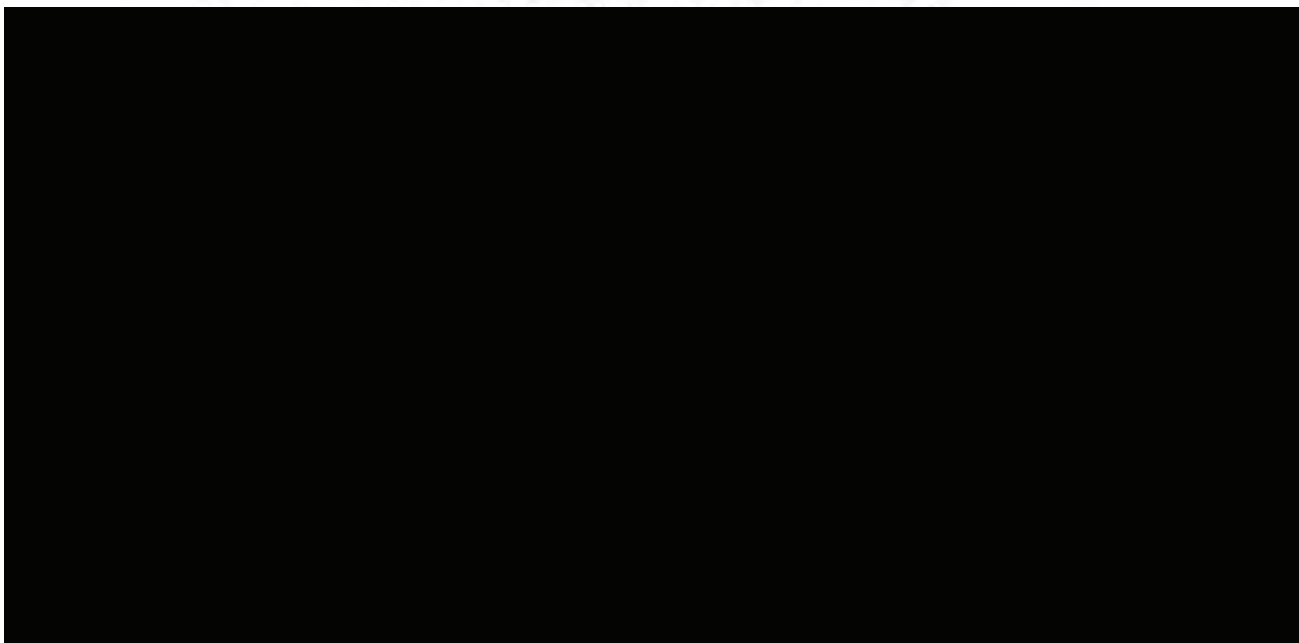
**If applicable, please provide a copy of the proposed administrative services agreement between PPIC and UnityPoint Health, along with an explanation as to how these services will not be duplicative of the services provided under PPIC's existing/continuing administrative services agreements.**





UnityPoint Health is aware of the requirements to seek approval for intercompany transactions and will file Form D seeking OCI approval as required by Section 617.21, Wis. Stats.

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





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You also requested that we indicate any responses or documents that we would designate as confidential and a trade secret. The responses to Questions 2, 5, 6, and 10 and the attachments to Questions 1, 2, 3, and 11, contain confidential information that could put UnityPoint Health, Meriter and PPIC at a competitive disadvantage if it is released to the public. UnityPoint Health, Meriter and PPIC use reasonable efforts to keep this information confidential. Therefore, the information is a "trade secret" under Wis. Stat. § 134.90(1)(c) because it "derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and is the subject of efforts to maintain its secrecy that are reasonable under the circumstances." As you know, a trade secret is exempt from the public records law under Wis. Stat. § 19.36(5) and Wis. Admin. Code § Ins 6.13(2). Moreover, the public value of the personal information in questionnaires attached as to Question 1 is outweighed by the possible harm to persons submitting these questionnaires. *See* § VIII.F.1. (p. 28) of the Wisconsin Attorney General's 2013 public records compliance outline. Finally, OCI may withhold this information from public disclosure under Wis. Stat. § 601.465(1m)(a) and § Ins 40.05. In line with these provisions, we request that you do not release the responses to Questions 2, 5, 6, and 10 and the attachments to Questions 1, 2, 3, and 11, to the public.

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If you have any questions, please do not hesitate to contact me or Ashley Dose ((515) 241-4662, ashley.dose@unitypoint.org). Otherwise, we look forward to obtaining your Office's approval of this transaction, and we would appreciate receiving a copy of your recommendation. Thank you for your consideration.

Very truly yours,

QUARLES & BRADY LLP



Cristina Choi

Enclosures  
cc(w/enc.): Kerra Guffey  
Ashley Dose