



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Connie L. O'Connell
Commissioner

December 28, 2000

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STEPHEN BABLITCH
VICE PRESIDENT AND GENERAL COUNSEL
BLUE CROSS & BLUE SHIELD UNITED OF WISCONSIN
401 W MICHIGAN STREET
P O BOX 2025
MILWAUKEE WI 53201 2025

Re: Wisconsin United for Health Foundation, Inc.

Dear Mr. Bablitch:

The purpose of this letter is to follow-up on Deputy Commissioner Blumer's letter of October 17, 2000 concerning the status on the activation of the Wisconsin United for Health Foundation, Inc. (Foundation)

As you know, subsection (3) of Commissioner O'Connell's March 28, 2000 Order on the conversion of Blue Cross and Blue Shield United requires that the Foundation be activated as part of the conversion process. Mr. Blumer's letter requests that the Foundation be activated and sets out four items that are contemplated by the Order concerning timely activation of the Foundation. To date, we have not heard from you as to the progress on the Foundation's activation.

The Office has not received a request to approve the conversion of Blue Cross and Blue Shield United under the Order dated March 28, 2000. Accordingly, this letter should not be construed as an indication of whether the Office will approve such a request. However, we do note that there has been no action to activate the Foundation. Aside from other matters that may bear on a request to approve conversion under the Order, it is vital that the Foundation be properly activated and funded well before the conversion date. This is to ensure that the Foundation has sufficient time to become organized and engage the proper outside consultants to advise it on the conversion and subsequent transactions as a result of the conversion which will affect the realizable value of the stock it will receive.

If Blue Cross intends to seek approval to convert, we suggest that it take the necessary steps, in a timely fashion, to activate the Foundation as contemplated in Commissioner O'Connell's March 28, 2000 Order approving the plan of conversion filed by Blue Cross, subject to certain modifications contained in the Order. In addition, within five (5) days' of your receipt of this letter by U.S. Mail, please provide us with a written status of the activation of the Foundation.

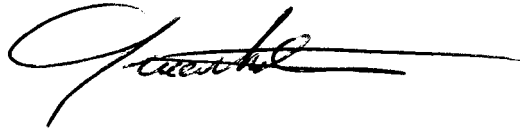
Mr. Stephen Bablitch

12/28/00

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Should you have any questions on the above, please feel free to contact the undersigned or Mr. Blumer.

Sincerely,

A handwritten signature in black ink, appearing to read "Guenther H. Ruch", with a long horizontal flourish extending to the right.

Guenther H. Ruch, Administrator
Division of Regulation and Enforcement

GHR: gr

Cc Randy Blumer
Fred Nepple