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June 7, 2018

VIA HAND DELIVERY

Richard A. Hinkel
Insurance Examiner Supervisor
Office of the Commissioner of Insurance
125 S. Webster Street
Madison WI 53707-7873

2018 JUN -7 PM 3:15

**RE: WEA Insurance Corporation ("WEA")
Notice of Formation of Subsidiary**

Dear Mr. Hinkel:

On behalf of WEA, we are providing notice in accordance with Wis. Stat. § 611.26(5) that WEA created a new subsidiary, NeuGen LLC ("NeuGen"), on June 7, 2018. NeuGen is a single-member, manager-managed Wisconsin limited liability company. WEA is the sole member, and will appoint a Board of Managers and officers at an organizational meeting to be held in the near future.

As we mentioned at our meeting in March, WEA has been evaluating the possibility of moving its administrative staff to a separate entity that will serve as administrator for WEA, Health Tradition Health Plan ("HTHP") and any other WEA acquisitions, and, possibly, third parties. NeuGen will serve as that entity.

Based on a letter from Steve Caughill dated March 30, 1995, a copy of which is enclosed, we do not believe NeuGen will need a TPA license in Wisconsin so long as it is only administering insured or self-insured plans offered by WEA; WEA's parent, WEA Trust; or HTHP and any other future subsidiary insurer of WEA. Please let us know if you disagree. Of course, NeuGen would obtain a TPA license before administering plans for an unaffiliated insurer.

WEA will also make any other filings (e.g., Form D) required in connection with capitalization or operation of NeuGen. In that regard:

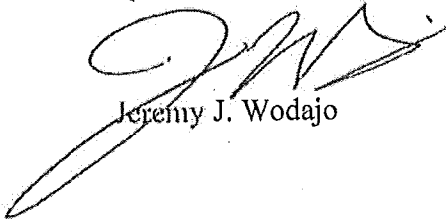
Richard Hinkel
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- We do not believe any contribution, including an in-kind contribution, by WEA to NeuGen will cross WEA's Form D filing threshold under Wis. Admin. Code § Ins 40.04(2)(a), which is approximately \$13.2 million for this year.
- WEA or HTHP and any other WEA insurer subsidiary would file a Form D for any service contract with NeuGen.
- We do not believe the NeuGen Operating Agreement (between NeuGen and WEA, as member) falls within any of the categories of affiliate transaction that must be filed under § Ins 40.04, as it is basically the equivalent of articles and bylaws for an LLC.

If you have any questions, please contact me or WEA's Vice President and General Counsel, Vaughn Vance, at yvance@weatrust.com, 608-661-6774. Thank you for your consideration.

Very truly yours,

QUARLES & BRADY LLP



Jeremy J. Wodajo

cc(w/enc.): Vaughn L. Vance
William J. Toman

Enclosure



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Josephine W. Musser
Commissioner

March 30, 1995

121 East Wilson Street
P.O. Box 7873
Madison, Wisconsin 53707-7873
(608) 266-3585

Mr William J Toman
Quarles & Brady
P O Box 2113
Madison WI 53701-2113

Re: [REDACTED] HMO

Dear Mr. Toman:

Thank you for your letter of February 8, 1995 requesting clarification on whether a clinic would need to be licensed as a TPA in order to administer a sponsored HMO. Please be advised that until otherwise notified [REDACTED] Clinic would not be required to be licensed as a TPA to administer a sponsored HMO. Section 633.01(1)(h) Wis Stat excludes an insurer administering its own policies from the TPA regulation. Section 611.67 Wis Stat allows HMOs to delegate management authority under a management agreement. Our interpretation is that s. 633.01(1)(h) Wis Stat also excludes a clinic administering policies for a sponsored HMO from the TPA regulation since the clinic would be functioning as HMO management under its management agreement. Call if you wish to discuss this further.

Sincerely,

Stephen Caughill, CPA
Insurance Examiner Supervisor

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