

**Form A**  
**Statement Regarding the Acquisition of Control of  
or Merger with a Domestic Insurer**

Filed with the Office of the Commissioner of Insurance,  
State of Wisconsin

Physicians Plus Insurance Corporation

by

Iowa Health System d/b/a UnityPoint Health

Filed with the insurance department of Wisconsin.

Date: November 1, 2013.

Name, title, address and telephone number of individual to whom notices and  
correspondence concerning this statement should be addressed:

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ITEM 1. INSURER AND METHOD OF ACQUISITION

**State the name and address of the domestic insurer to which this application relates and briefly describe how control is to be acquired.**

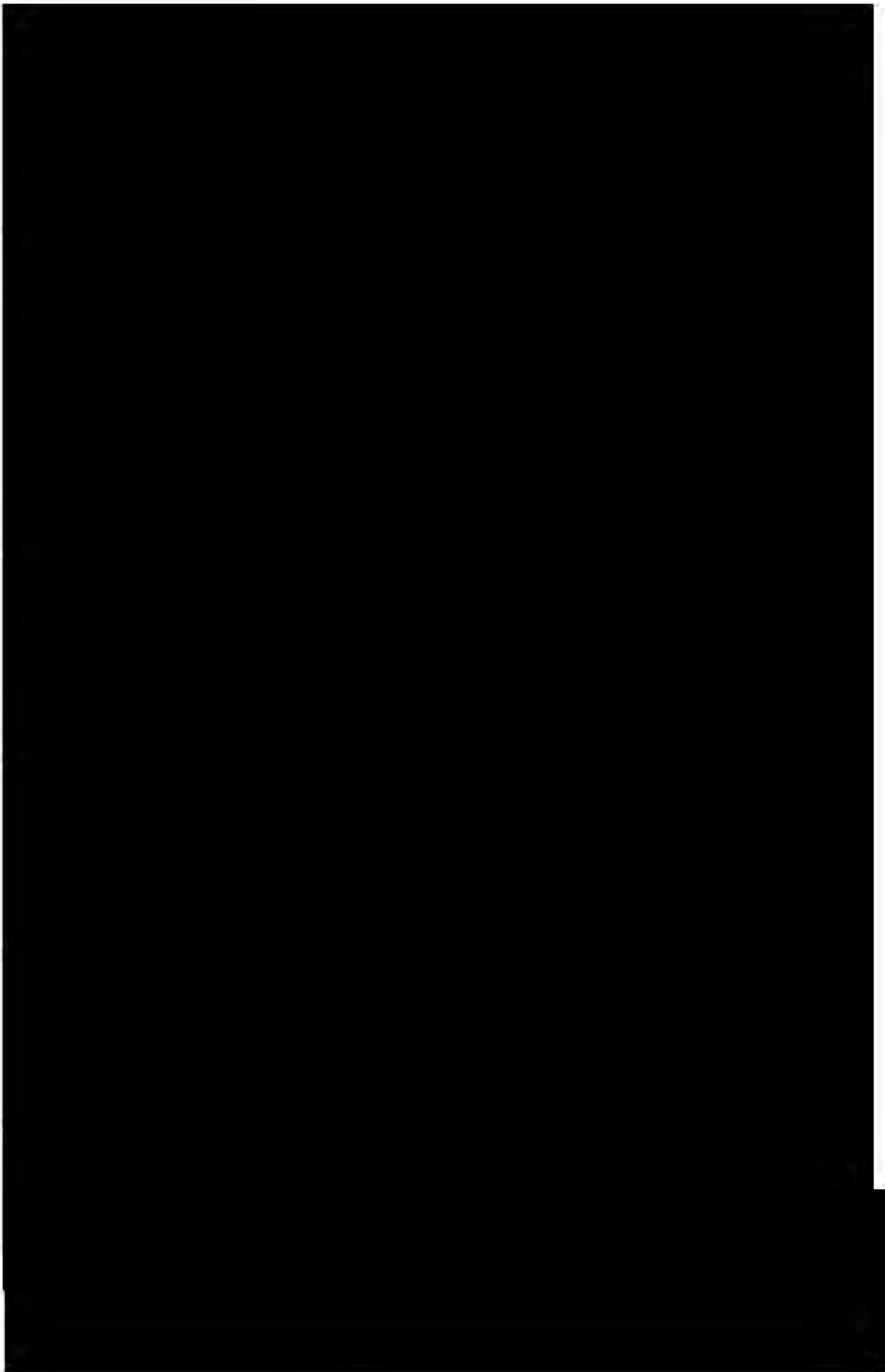
Physicians Plus Insurance Corporation ("PPIC")  
2650 Novation Parkway  
Madison, WI 53713

PPIC is a Wisconsin stock health maintenance organization insurance corporation that will be wholly owned by Meriter Health Systems, Inc. ("Meriter"), a Wisconsin nonstock, nonprofit corporation at the time the control is acquired.<sup>1</sup> The ultimate acquiring party in this transaction is Iowa Health System d/b/a UnityPoint Health (sometimes referred to herein as the "Applicant"), an Iowa nonprofit corporation. The Applicant intends to become the sole corporate member of Meriter, subject to all required regulatory approvals, including the approval of this Form A by the Office of the Commissioner of Insurance for the State of Wisconsin ("OCI"), pursuant to the terms of the Affiliation Agreement dated October 10, 2013, by and between UnityPoint Health and Meriter. A true and correct copy of the Affiliation Agreement is attached to this Form A as Exhibit 1 and is incorporated herein by reference. The specific terms and conditions governing the transaction are set forth in the Affiliation Agreement. Certain material terms of the Affiliation Agreement are summarized as follows:

- The parties (Meriter and UnityPoint Health) will enter into an Affiliation Agreement, pursuant to which Meriter will amend its Articles of Incorporation to make UnityPoint Health its sole member, causing UnityPoint Health to indirectly acquire control of Meriter's subsidiary (or "affiliate") companies, including PPIC. . . . UnityPoint Health and Meriter will adopt a governance model that is comparable to the governance model of UnityPoint Health's nine other affiliates, as described further below.



<sup>1</sup> Meriter currently owns 79% of the outstanding stock of PPIC. Physicians Plus Investment Group, L.L.P., a Wisconsin limited liability partnership ("PPIG") currently owns 21% of the outstanding stock of PPIC. It is anticipated that Meriter will purchase all of PPIG's ownership in PPIC prior to the closing of the transaction described in this agreement.



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- The Affiliation Agreement contains representations and warranties by the parties and pre-closing conditions that are either customary for transactions of this nature or otherwise suitable for this particular transaction.
- The Affiliation Agreement does not set forth a specified target closing date. The parties intend to close upon the fulfillment of all conditions to closing, including the receipt of all applicable regulatory consents and approvals, and anticipate that closing will occur on or about January 1, 2014.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) **State the name and address of the applicant seeking to acquire control over the insurer.**

Iowa Health System d/b/a UnityPoint Health  
1776 West Lakes Parkway  
Suite 400  
West Des Moines, IA 50266

(b) **If the applicant is not an individual, state the nature of its business operations for the past 5 years or for such lesser period as such person and any predecessors thereof shall have been in existence. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.**

UnityPoint Health controls, directly or indirectly, a regional healthcare delivery system that includes twelve hospitals (counting Blank Children's Hospital which is not separately licensed) in ten Iowa cities, three hospitals in three Illinois cities<sup>2</sup> and over 750 employed

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<sup>2</sup> UnityPoint Health is in the process of affiliating with another hospital in Illinois. Methodist Health Services Corporation (the sole member of which is UnityPoint Health) is the sole member of Methodist Medical Center of Illinois located in Peoria, IL. Methodist Health Services Corporation entered into an affiliation agreement on September 9, 2013, to become the sole corporate member of Proctor Health Care Incorporated (which is the sole member of Proctor Hospital, also located in Peoria, IL). The affiliation is intended to close upon receipt of a Certificate of Exemption ("COE") from the Illinois Health Facilities and Services Review Board, which is scheduled

physicians practicing in more than 85 Iowa and Illinois communities (collectively, the "System"). The System is currently the largest integrated healthcare delivery system in the Iowa/western Illinois region. UnityPoint Health provides various corporate and administrative services to its affiliates, but does not provide healthcare services directly to patients. The primary healthcare operations of the System are conducted through an array of nonprofit and for-profit subsidiaries controlled, directly or indirectly, by UnityPoint Health. UnityPoint Health intends to continue its current business operations as described above.

**(c) Furnish a chart or listing clearly presenting the identities of the interrelationships among the applicant and all affiliates of the applicant. No affiliate need be identified if its total assets are equal to less than 0.5% of the total assets of the ultimate controlling person of the applicant. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g., corporation, trust, partnership) and the state of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.**

A chart presenting the identity of Applicant and its affiliates is attached hereto as Exhibit 2.<sup>3</sup> No court proceedings involving a reorganization or liquidation are pending with respect to Applicant or any of its affiliates.

**ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT**

**State the following with respect to (1) the applicant if the applicant is an individual or (2) all persons who are directors, executive officers or owners of 10% or more of the voting securities of the applicant if the applicant is not an individual.**

**(a) Name and business address;**

**(b) Present principal business activity, occupation or employment including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on;**

**(c) Material occupations, positions, offices or employment during the last 5 years, giving the starting and ending dates of each and the name, principal business and**

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to hear the matter on November 5, 2013. Assuming the COE is granted on November 5, the parties plan to close as soon thereafter as all conditions to closing are satisfied.

<sup>3</sup> Exhibit 2 is current as of the submission of this Form A. However, as described above, Applicant expects that Methodist Health Services Corporation (the sole member of which is UnityPoint Health) will become the sole corporate member of Proctor Health Care Incorporated (which is the sole member of Proctor Hospital) in November 2013.

address of any business corporation or other organization in which each such occupation, position, office or employment was carried on; if any such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency, indicate such fact, the current status of such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection with the license or registration whether pending or concluded.

(d) **Whether or not such person has ever been convicted in a criminal proceeding (excluding traffic violations not involving death or injury) during the last 10 years and, if so, give the date, nature of conviction, name and location of court, and penalty imposed or other disposition of the case.**

Please see the questionnaires attached as Exhibit 3.

#### ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) **Describe the nature, source and amount of funds or other considerations used, or to be used, in effecting the merger or other acquisition of control. If any part of the same is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding or trading securities, furnish a description of the transaction, the names of the parties thereto, the relationship, if any, between the borrower and the lender, the amounts borrowed or to be borrowed, and copies of all agreements, promissory notes and security arrangements relating thereto.**

As explained more fully in the Affiliation Agreement, the transaction is a non-cash member recognition transaction. [REDACTED]

[REDACTED] The source of cash to fulfill UnityPoint Health's financial commitments under the Affiliation Agreement will be either existing cash balances of UnityPoint Health or short term financing options.

(b) **Explain the criteria used in determining the nature and amount of such consideration.**

The nature and amount of the consideration described above were determined by arm's-length negotiations between the Applicant and Meriter.

#### ITEM 5. APPLICANT'S FUTURE PLANS FOR THE INSURER

**Describe any plans or proposals which the applicant may have to declare an extraordinary dividend, to liquidate the insurer, to sell the insurer's assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.**

Applicant plans to directly acquire the outstanding stock of PPIC from Meriter as described in this Form A and in the Affiliation Agreement, but otherwise does not plan to cause PPIC to declare an extraordinary dividend, to liquidate PPIC, to sell PPIC's assets to or merge it

with any person or persons or to make any other material change in its business operations or corporate structure or management.

**ITEM 6. VOTING SECURITIES TO BE ACQUIRED**

**State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire; and the terms of the offer, request, invitation, agreement or acquisition; and a statement as to the method by which the fairness of the proposal was arrived at.**

Upon the closing of the transaction, the Applicant will acquire control of Meriter, which owns 100% of the stock of PPIC. As discussed in Item 4, the fairness of the proposal was determined by arm's-length negotiations.

**ITEM 7. OWNERSHIP OF VOTING SECURITIES**

**State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.**

Neither the Applicant, nor any of its affiliates, nor any person listed in Item 3 beneficially owns any voting securities of PPIC or has the right to acquire beneficial ownership of any voting securities of PPIC.

**ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER**

**Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom the contracts, arrangements or understandings have been entered into.**

None.

**ITEM 9. RECENT PURCHASES OF VOTING SECURITIES**

**Describe any purchase of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement. Include in the description the dates of purchase, the names of the**

**purchasers, and the consideration paid or agreed to be paid therefor. State whether any shares so purchased are hypothecated.**

None.

**ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE**

**Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the applicant, its affiliates or any person listed in Item 3 during the 12 calendar months preceding the filing of this statement.**

None.

**ITEM 11. AGREEMENTS WITH BROKER-DEALERS**

**Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.**

Meriter engaged the services of Cain Brothers & Company, LLC in connection with the affiliation. Although Cain Brothers & Company, LLC does have a broker-dealer, it did not act as a broker-dealer in connection with this transaction.

**ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS**

**(a) Attach financial statements and exhibits to this statement as an appendix, but list under this item the financial statements and exhibits so attached.**

Exhibit 1	Affiliation Agreement
Exhibit 2	Organizational Chart
Exhibit 3	Questionnaires for Item 3
Exhibit 4A	Iowa Health System and Subsidiaries Auditor's Report and Consolidated Financial Statements for December 31, 2012 and 2011
Exhibit 4B	Iowa Health System and Subsidiaries Auditor's Report and Consolidated Financial Statements for December 31, 2011 and 2010
Exhibit 4C	Iowa Health System and Subsidiaries Auditor's Report and Consolidated Financial Statements for December 31, 2010 and 2009
Exhibit 4D	Iowa Health System and Subsidiaries Auditor's Report and Consolidated Financial Statements for December 31, 2009 and 2008



Exhibit 4E	Unaudited, Consolidated Financial Statements for Iowa Health System and Subsidiaries for 9 months ended September 30, 2013
Exhibit 5	Confidential Information Memorandum

(b) The financial statements shall include the annual financial statements of the persons identified in Item 2(c) for the preceding 5 fiscal years (or for such lesser periods as such applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of such person's last fiscal year, if the information is available. The statements may be prepared either on an individual basis or, unless the commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business.

The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that such statements present fairly the financial position of the applicant and the results of its operations for the person's last fiscal year, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the annual statement of the person filed with the insurance department of the person's state of domicile and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the state.

(c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the insurer, annual reports to the stockholders of the insurer and the applicant for the last 2 fiscal years, and any additional documents or papers required by form A or ss. Ins 40.11 and 40.13, Wis. Adm. Code.

Other than the Confidential Information Memorandum attached as Exhibit 5 (the "CIM"), none. The CIM was developed by Cain Brothers & Company, LLC and contains confidential, proprietary information regarding Meriter's market and business operations. The CIM was used by Meriter in soliciting UnityPoint Health and other parties for affiliation.

As grounds for approval of this statement, Applicant states that the affiliation between Meriter and Applicant would not violate the law or be contrary to the interests of the insureds of PPIC and that:

(a) After the change of control, PPIC will be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

(b) The effect of the acquisition of control would not be to create a monopoly or substantially to lessen competition in insurance in Wisconsin;

(c) The financial condition of Applicant and its affiliates is not likely to jeopardize the financial stability of PPIC or Meriter or prejudice the interests of its Wisconsin policyholders;

(d) Applicant has no plans or proposals to liquidate PPIC or Meriter or sell its assets, or consolidate or merge it with any person or make any other material change in its business or corporate structure or management, other than as described in this Form A; and

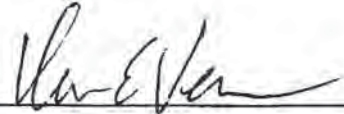
(e) The competence and integrity of those persons who would control the operation of PPIC or Meriter are such that it would be in the interest of the policyholders of PPIC and of the public to permit the acquisition of control.

ITEM 13. SIGNATURE AND CERTIFICATION

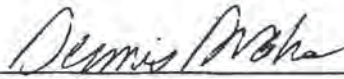
Signature

Pursuant to the requirements of Wis. Admin. Code ch. Ins 40 UnityPoint Health has caused this application to be duly signed on its behalf in the city of West Des Moines and state of Iowa on the 1st day of November, 2013

UnityPoint Health

By: 

Name: Kevin Vermeer  
Title: Executive Vice President/Chief Strategy Officer


Attest:   
Name: Dennis Drake  
Title: Vice President, General Counsel and Compliance Officer

Certification

The undersigned deposes and says that he has duly executed the attached application dated November 1, 2013, for and on behalf of UnityPoint Health, that he is the Executive Vice President/Chief Strategy Officer of such company, and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

  
Name: Kevin Vermeer

Subscribed and sworn to this  
1<sup>st</sup> day of November, 2013.

  
Notary public  
My commission expires on: 5/24/2016

