

COMMONWEALTH OF VIRGINIA

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STATE CORPORATION COMMISSION

February 20, 2015

Walter Smith, Executive Director
Deborah Chollet, Ph.D.
Richard B. Herzog, Harkins Cunningham LLP
Marialuisa S. Gallozzi, Covington & Burling LLP
DC Appleseed Center
1111 Fourteenth Street, NW, Suite 510
Washington, DC 20005

Re: In the Matter of Surplus Review and Determination of Group Hospitalization and Medical Services, Inc., Order No. 14-MIE-012 (D.C. Dept. of Ins., Secs. & Banking Dec. 30, 2014)

Dear Counsel:

Commissioner Cunningham asked me to acknowledge your letter of February 6, 2015 and to let you know that she appreciates your interest in this matter.

Commissioner Cunningham did respond to Mr. Burrell's letter of January 22, 2015 and a copy of her response is attached.

The Commissioner of Insurance has been ordered by the State Corporation Commission to conduct an examination of Group Hospitalization and Medical Services Inc. pursuant to its examination authority under §§ 38.2-1317 and 38.2-4229 of the Code of Virginia. A copy of that Order (Case No. INS-2015-0007) is also attached.

I will keep you informed as to developments in that case. Please call me at 804-786-3366 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Donald C. Beatty".

Donald C. Beatty
Senior Counsel

DCB:jpr
Enclosure

cc: Mr. Adam Levi, Attorney General
Hon. Chester A. McPherson, Acting Commissioner
Mr. Philip Barlow, Associate Commissioner for Insurance
District of Columbia Department of Insurance, Securities and Banking
810 First Street, NE, Suite 701
Washington, DC 20002

Hon. Alfred W. Redmer, Jr., Commissioner
Maryland Insurance Administration
St. Paul Plaza
200 St. Paul Place, Suite 2700
Baltimore, Maryland 21202

Hon. Jacqueline K. Cunningham, Commissioner of Insurance

COMMONWEALTH OF VIRGINIA

JACQUELINE K. CUNNINGHAM
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE



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January 30, 2015

Mr. Chet Burrell
President and Chief Executive Officer
CareFirst BlueCross BlueShield
1501 S. Clinton Street, 17th Floor
Baltimore, Maryland 21224-5744

Dear Mr. Burrell:

This responds to your letter of January 22, 2015, in which you asked me, in conjunction with the District of Columbia Insurance Commissioner and the Maryland Insurance Commissioner, to conduct a consolidated proceeding and collaborate on a review of Group Hospitalization and Medical Services, Inc.'s ("GHMSI") surplus level. You also asked for the issuance of an order instructing GHMSI not to distribute or reduce its surplus pursuant to the December 30, 2014 Decision and Order issued by the District of Columbia Commissioner of Insurance.

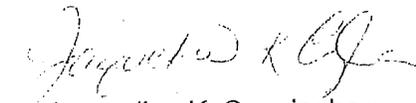
The Bureau of Insurance is declining your request for a consolidated proceeding.

With respect to your request for the issuance of an order instructing GHMSI not to distribute or reduce its surplus, please note that any such request should be made to the State Corporation Commission (Commission), and not the Commissioner of Insurance. Therefore, should you wish to proceed with a request for the issuance of an order, GHMSI should file a Petition with the Commission in accordance with the Commission's Rules of Practice and Procedure. The Rules of Practice and Procedure can be found at www.scc.virginia.gov/case/rules.aspx.

If such a Petition is filed by GHMSI, the Bureau will determine its position in connection with that Petition after review.

Should you have any questions or wish to discuss this matter, I may be reached at 804-371-9963.

Sincerely


Jacqueline K. Cunningham
Commissioner of Insurance