



STATE OF UTAH INSURANCE DEPARTMENT

REPORT OF FINANCIAL EXAMINATION

of

Regence BlueCross BlueShield of Utah

of

Salt Lake City, Utah

as of

December 31, 2011

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OCTOBER 19, 2012

Honorable Todd E. Kiser, Commissioner
Utah Insurance Department
3110 State Office Building
Salt Lake City, Utah 84114

Pursuant to your instructions and in compliance with statutory requirements, an examination, as of December 31, 2011, has been made of the financial condition and business affairs of:

Regence BlueCross BlueShield of Utah,
Salt Lake City, Utah

hereinafter referred to in this report as the Organization, and the following report of examination is respectfully submitted.

SCOPE OF EXAMINATION

We have performed a coordinated examination of the Organization conducted in conjunction with the Oregon Insurance Division for the multi-state examination of insurers under Cambia Health Solutions. The Oregon Insurance Division is designated as the lead state. The examination includes the Organization's subsidiary health care service contractor, Healthwise. A separate Report of Examination will be prepared for each domestic entity. The last examination of this health care service contractor was completed as of December 31, 2008. The current examination covers the period of January 1, 2009 to December 31, 2011.

We conducted our examination using the guidelines and procedures in the NAIC *Financial Condition Examiners Handbook*. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks by obtaining information, including corporate governance, identifying and assessing inherent risks within the Organization, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instruction, when applicable to domestic state regulations.

All accounts and activities of the Organization were considered in accordance with the risk focused examination process.

Status of Prior Examination Findings

The previous examination was performed by the Department as of December 31, 2008. Items of significance commented on in the prior examination report were resolved during the current examination period.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant or material findings identified during the current examination.

SUBSEQUENT EVENTS

Regence BlueCross BlueShield of Utah requested control of the Company be moved from Cambia Health Solutions, Inc. to Regence Insurance Holding Company. This request was subsequently approved by the Utah Insurance Department Commissioner on August 23, 2012.

The transfer of control by Cambia Health Solutions, Inc. of Regence BlueCross BlueShield of Utah to Regence Insurance Holding Company was not made or entered into for the purpose of, and does not have the effect of, changing or influencing the control of the domestic insurer, since ultimate control of Regence BlueCross BlueShield of Utah will remain with Cambia Health Solutions, Inc.

COMPANY HISTORY

General

The Organization was incorporated on December 28, 1981, under the laws of the State of Utah as a capital stock, for profit, Health Maintenance Organization. The Organization commenced business as a separate entity on September 1, 1982, and was granted a Federal Certificate of Qualification on August 8, 1984.

BlueCross BlueShield of Utah owned 100% of the outstanding stock of the Organization from its inception to December 1986, at which time ownership of all corporations affiliated with BlueCross BlueShield of Utah was transferred to BCSU Corporation, a holding company. BCSU Corporation filed Articles of Dissolution on December 31, 1987, and ownership of the Organization reverted back to BlueCross BlueShield of Utah in January 1988.

In May of 1995, BlueCross BlueShield of Utah announced its intention to affiliate with The Benchmark Group, an Oregon nonprofit corporation consisting of BlueCross BlueShield plans located in the northwestern United States. On April 1, 1997, The Benchmark Group became known as The Regence Group (TRG). BlueCross BlueShield of Utah changed its name to Regence BlueCross BlueShield of Utah during December 1997.

On November 4, 2011, The Regence Group received approval to use the name

Cambia Health Solutions, Inc. (Cambia).
Dividends and Capital Contributions

During the period under examination, the Organization declared and paid an extra-ordinary cash distribution to its sole member as follows:

Paid Date	Amount	Description
12/28/2010	\$10,000,000	Extraordinary

Mergers and Acquisitions

There were no mergers or acquisitions during the period under examination.

CORPORATE RECORDS

The previous examination report as of December 31, 2008, dated January 29, 2010, was distributed to the board of directors on April 29, 2010.

A review of the minutes from the directors as well as other committees was performed. The corporate records provide adequate support of the conclusion that the Organization's management is functioning properly.

MANAGEMENT & CONTROL INCLUDING CORPORATE GOVERNANCE

The bylaws of the Organization indicated the number of directors may not be less than five and no more than seven.

The following persons served as directors of the Organization as of December 31, 2011:

<u>Name and Location</u>	<u>Title and Principal Occupation</u>
Mark Ganz Portland, Oregon	President, Cambia Health Solutions, Inc.
David Kurt Seppi MD Twin Falls, Idaho	Executive Medical Director St. Luke's Health System
Stephen Fred Beck Logan, Utah	Chief Financial Officer Icon Health and Fitness, Inc
Robert Allen Hatch Bountiful, Utah	President and CEO Regence Blue Cross Blue Shield of Utah
Cynthia Ann Bioteau	President and CEO

Salt Lake City, Utah

Salt Lake Community College

The Organization's bylaws provide for officers to consist of a President, a Secretary, and a Treasurer. The bylaws also instruct that the same person may hold two or more offices, except that the same person may not hold the offices of Secretary and President at the same time.

The officers of the Company as of December 31, 2011, were as follows:

<u>Name and Location</u>	<u>Title and Principal Occupation</u>
Robert Allen Hatch	President/Chief Executive Officer
Kerry Evan Barnett	Secretary
Andreas Bernhard Ellis	Treasurer

The biographical affidavits for officers and directors were filed with the Department in accordance with U.C.A. § 31A-5-410(1)(a)(ii).

The By-Laws indicate that there shall be two committees, the nominating and audit committees. The nominating committee is tasked with considering the nomination of individuals to serve as corporate officers of the Organization and recommendations as to who may serve on the Board of Directors. The Audit Committee shall recommend external auditors, define the scope of the audits, and review internal and external audit work.

Conflict of Interest

The Organization's Board adopted a formal statement of policy concerning conflict of interest for all Directors, officers and responsible employees. Board members, senior officers and all employees are required annually to sign a conflict of interest declaration. From a review of the completed conflict of interest questionnaires, the Organization's personnel performed due diligence in completing the conflict of interest statements. No material conflicts of interest were noted.

Holding Company

Regence BlueCross BlueShield of Utah is a subsidiary of Cambia Health Solutions, Inc., a non-profit holding company.

Since the last examination, Cambia has restructured itself into three separate divisions; Health Insurance Services, Shared Services, and Direct Health Solutions. Health Insurance Services encompasses the entities' health insurance companies.. Shared Services provides administrative and operational services to all the subsidiaries within the holding company, including administrative, insurance, enterprise risk management,

personnel, legal, regulatory, human resources, and other such services as needed. Shared Services is a division within Cambia, but it not a separate legal entity. Direct Health Solutions (“DHS”) invests in and manages health-related entities that are not traditional health insurance companies.

In certain cases, DHS will also act as a venture capital group to provide financing and resources in exchange for ownership interest in companies that provide health-related applications or services. DHS is both a division within Cambia as well as a separately incorporated company, Direct Health Solutions, Corporation.

Cambia Health Solutions, Inc. (“Cambia”) is an Oregon nonprofit public benefit corporation acting as the holding company and management company for its affiliated entities and, except as described below with respect to Regence BlueShield of Idaho, Inc., it was the sole member of each of the non-profit entities in its holding company group. As of December 31, 2011 it was the sole voting member of the Organization and two related insurers, Regence Blue Shield in Washington State and Regence BlueCross BlueShield of Oregon (Regence Insurance Holding Corporation became the sole member of those entities in 2012, with Cambia Health Solutions as the ultimate controlling entity). Cambia Health Solutions manages Regence BlueShield of Idaho, Inc., under a Management and Administrative Service Agreement effective May 25, 1995. Under an Agreement of Affiliation, it retains the authority to approve elections to the governing Board of Directors of each affiliate and thus is considered the ultimate controlling entity of the insurance holding company system.

Regence Insurance Holding Corporation (RIHC) is a holding company formed by Cambia in 2011 to manage the health insurance companies and to lead sales efforts. Cambia is the sole member of RIHC, which in turn manages the Organization and the following affiliated insurers:

Regence BlueShield (RBS), a Washington domiciled nonprofit health care service contractor. Originally incorporated as King County Medical Service Corporation in 1933, it adopted its current name on April 16, 1998.

Regence BlueCross BlueShield of Oregon (RBCBSO), an Oregon domiciled health service corporation. RBCBSO was originally founded in 1941 as an independent licensee of the BlueCross BlueShield Association and has roots tracing back to the first BlueShield plan in the United States.

Regence HMO Oregon (RHO), an Oregon domiciled nonprofit health care service contractor. This company has been inactive since 2005.

Regence Health Maintenance of Oregon, Inc. (RHMO), an Oregon domiciled for-profit health care service contractor. This company has been inactive since 2005.

Cambia is the ultimate controlling entity of the following non-Regence branded insurers:

LifeMap Assurance Company (LifeMap), an Oregon domiciled stock life and health insurance company formerly known as Regence Life and Health Insurance Company. It is owned by the various Regence Plans; Regence BlueShield (75%), Regence BlueCross BlueShield of Utah (12%), Regence BlueCross BlueShield of Oregon (11%) and Regence BlueCross BlueShield of Idaho, Inc. (2%).

HealthWise (renamed BridgeSpan Health Company on October 2, 2012), a Utah domiciled for profit health insurer licensed as a health maintenance organization (HMO). As of the examination date, it was owned 100% by RBCBSU, but in 2012 its parent filed a notice of distribution with the Utah Department of Insurance to transfer the capital stock of BridgeSpan to Regence Insurance Holding Corporation as a non-cash distribution.

Commencement Bay Life Insurance Company (CBL), a Washington domiciled stock life and disability insurer incorporated in 1992. The insurer currently has no policies in-force.

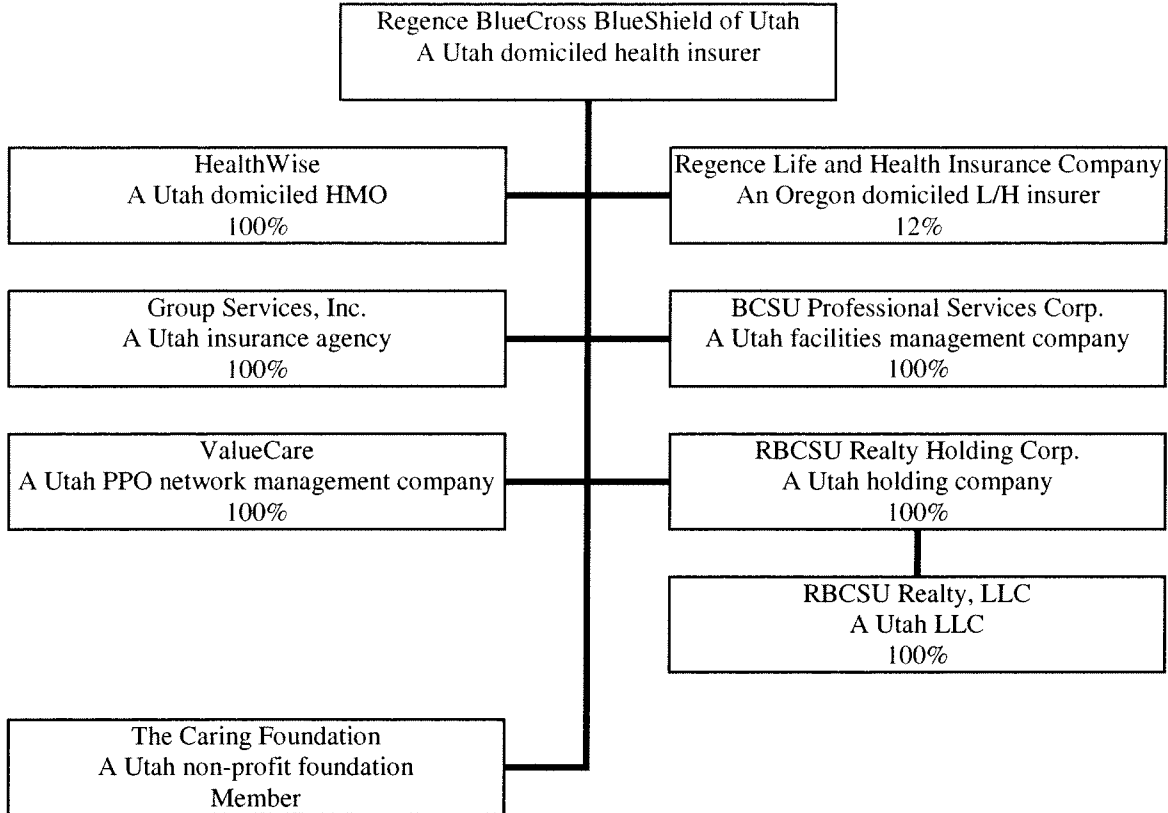
Asuris Northwest Health (ANH), a Washington domiciled nonprofit health care service contractor originally incorporated in 1933 as Walla Walla Valley Medical Service. It was acquired by RBS in 1994. The current name was adopted in September 2002.

In addition to the insurance companies, there are affiliated or subsidiary non-insurance companies in the holding company structure, as follows:

Regence Rx, Inc., an Oregon for profit taxable corporation formed by Cambia in 2005. Is a pharmacy benefits management (PBM) services company used to provide all pharmacy benefit administration and medication management services on behalf of its parent, affiliates and third party customers.

The Cambia Health Foundation, an Oregon nonprofit corporation formed on June 11, 2007 as an Internal Revenue Service (IRS) 501(c)(3) charitable organization that manages contributions made primarily on behalf of Cambia and its subsidiaries. The name was changed from The Regence Foundation to Cambia Health Foundation on April 26, 2012.

An organizational chart illustrating the Utah based holding company system as of December 31, 2011 _____ is as follows:



Intercompany Agreements

The following agreements are in place between the Plan, its parent and its subsidiaries within the insurance company holding system:

Amended Regence Administrative Services Agreement – Effective December 28, 2007, between The Regence Group (now Cambia) and all of its subsidiaries. Cambia shall provide all operational, administrative and management services reasonably necessary to transact business, including managerial, legal, financial, actuarial, underwriting, accounting, human resources, employee benefits administration, data network/telecommunications, marketing, advertising, community affairs, public relations, communications, billing, banking, membership, claims adjudication, customer service, reporting, regulatory compliance, mail, and information technology services. In addition, Cambia shall provide all equipment, materials, office space, and general supplies. The Plan shall pay Cambia its proportionate share of the cost, as well as its proportional share of general overhead expenses, according to a system-wide cost allocation methodology and in accordance with generally accepted cost accounting principles. It is intended that

Cambia shall receive complete reimbursement for its costs and derive no profit from such reimbursement. All direct and indirect expenses incurred will be reconciled monthly and balances settled within 90 days from the end of the reporting month.

Plan and Agreement of Affiliation – Effective May, 1995 and amended in July, 1997 RBS, RBCBSO, RBCBSU and RBSI agree to unite under the common control of Cambia for marketing, advertising and general operations.

Federal Employee Program (FEP) Shared System Service and Cost Agreement – Effective January 1, 1997 and amended July 27, 1998 to add Regence BlueCross BlueShield of Utah. Regence BlueShield, Regence BlueCross BlueShield of Oregon, Regence BlueShield of Idaho, and Regence BlueCross BlueShield of Utah agree to process FEP claims onto one shared system based in Tacoma, WA. Costs incurred by RBS will be distributed to affiliates based on FEP claim volume. Direct costs for operations maintenance and support for each affiliate, including the Plan, will be reimbursed to RBS monthly for costs incurred on their behalf.

The Regence Group & Subsidiaries Consolidated Federal Income Tax Agreement – effective January 1, 1997 (although the agreement was not signed until September 20, 2000). Cambia agrees to file a consolidated income tax return, including any liability for alternative minimum tax. The tax liability is then allocated to each member of the affiliated group, computed as if a separate return was filed. Any credits or operating losses shall be allocated to those members with the credits or generating the losses. Payment of estimated installments due for such taxable periods shall be paid within 30 days of receiving notice. Final settlements for a tax year must be paid within 30 days after the filing of the consolidated return.

FIDELITY BONDS AND OTHER INSURANCE

The minimum fidelity coverage suggested by the National Association of Insurance Commissioners (NAIC) for the Organization's size and premium volume is not less than \$2,500,000. As of the examination date, the Organization participated in fidelity bond coverage of \$10,000,000, after a \$100,000 deductible.

Other insurance coverage in force at December 31, 2011 included property, commercial general and excess liability, automobile liability, umbrella liability, fiduciary liability, computer crime liability, and workers' compensation. All insurance limits and deductibles appeared adequate as of December 31, 2011.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company offers a deferred income program for executives and a deferred income program for directors. The purpose of programs is to provide an unfunded, nonqualified deferred compensation arrangement to key employees and eligible directors.

In addition, the Organization participates in a defined-benefit pension plan sponsored by Cambia that covers substantially all regular employees having one or more

years of service. Benefits are based upon years of service and the employee's final average compensation. The defined benefit plan was frozen as of December 31, 2009. The Organization has an employee savings plan sponsored by Cambia in which Cambia will match employee contributions up to 100 percent of the first six percent of salary for each pay period in which the employee makes a contribution. In addition, Cambia can provide a discretionary contribution of up to five percent of eligible earnings for eligible employees, subject to annual review and board approval.

TERRITORY AND PLAN OF OPERATION

At year-end December 31, 2011, the Organization served over 248,000 members, offering a full line of health insurance products for large and small employer groups, individuals and government employee programs. The Organization also offered a range of supplemental products such as dental, vision and prescription drug coverage.

The Organization also participates in the Federal Employee Program (FEP) and the BlueCard Program. In addition, the Organization also offers a broad range of health benefit services for self-funded plans including claims processing, stop-loss insurance, actuarial and reporting services, medical cost management and other administrative services.

GROWTH OF COMPANY

The growth of the Plan over the past five years is reflected in the following table. The amounts were derived from Organization's filed annual statements:

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Net Income (Loss)</u>
2007	438,356,406	200,634,918	237,721,489	14,957,644
2008	429,577,461	200,722,631	228,854,830	2,851,665
2009	486,513,549	270,985,180	215,528,369	-25,010,223
2010	473,860,073	230,124,528	243,735,545	16,203,660
2011	503,880,653	266,961,228	236,919,425	-10,814,438

MORTALITY AND LOSS EXPERIENCE

The examination actuary reviewed the various actuarial liabilities as identified by the Organization. Identified actuarial liabilities/assets are:

Claims Unpaid
Accrued Medical Incentive Pool and Bonus
Unpaid Claims Adjustment Expenses
Aggregate Health Policy Reserves
Accrued Retrospective Premiums (Asset)

The examination actuary was able to confirm the estimated values of the actuarial liabilities and the actuarial assets with no material changes or re-valuations.

REINSURANCE

Assumed

The Organization assumed risks from HealthWise, a wholly owned subsidiary, under a Finance Agreement originally dated September, 1, 1982 and most recently amended January 1, 2008. The Organization assumes benefit coverage (excluding dental) for a member's aggregate claims for incurred services exceeding \$50,000 per calendar year.

Ceded

Effective July 1, 2001, the Organization cedes 100% of the individual and group accidental benefit to LifeMap (formerly Regence Life and Health Insurance Company). The accidental death benefit is included in the medical product.

LifeMap provides Part D insurance benefits to Regence BlueCross BlueShield of Utah. Effective January 1, 2006, LifeMap cedes the premiums and claims from Utah to the Organization (RBCBSU).

ACCOUNTS AND RECORDS

The Organization's accounting systems were maintained in commercial software applications on a local area network and accessible by authorized personnel from personal computers.

An independent certified public accounting firm audited the Organization's records during the period covered by this examination. Audit reports generated by the auditors for the years 2008 through 2011 were made available for the examiner's use.

STATUTORY DEPOSITS

The Organization's statutory deposit requirement was \$400,000 pursuant to U.C.A. § 31A-4-105. The examination confirmed the Organization maintained a statutory deposit consisting of the following for the benefit of all policyholders, claimants and creditors, which was adequate to cover the required deposit.

<u>State</u>	<u>Description of Deposit</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Utah	US Treasury Bond	\$475,000	478,325	\$478,472

FINANCIAL STATEMENTS

The following financial statements were prepared from the Organization's accounting records and the valuations and determination made during the examination. The accompanying comments on financial are an integral part of the financial statements.

REGENCE BLUECROSS BLUESHIELD OF UTAH BALANCE SHEET (ASSETS) as of December 31, 2011

	Net Admitted Assets	Notes
Bonds	\$ 149,607,033	
Preferred Stocks	19,464	
Common Stocks	170,007,748	
Properties occupied by the company	3,230,256	
Properties held for sale	4,670,065	
Cash and Short-Term Investments	26,496,205	
Receivables for Securities	2,791	
Investment Income Due and Accrued	2,913,099	
Uncollected Premiums and Agents' Balances	132,839,689	
Accrued retrospective premiums	282,322	
Other Amounts Receivable Under Reinsurance Contracts	8,894	
Amounts receivable relating to uninsured plans	21,802,667	
Net Deferred Tax Asset	4,041,178	
Receivables from parent, subsidiaries and affiliates	3,219,637	
Health care and other amounts receivable	3,272,689	
Aggregate Write-Ins for other than invested assets	-18,533,084	
Separate accounts		
 Total Assets	 \$ 503,880,653	

REGENCE BLUECROSS BLUESHIELD OF UTAH
BALANCE SHEET (LIABILITIES, SURPLUS AND OTHER FUNDS)
as of December 31, 2011

		<u>Current Year</u>	<u>Notes</u>
Claims Unpaid	\$	123,542,696	
Accrued medical incentive pool and bonus amounts		23,825	
Unpaid claims adjustment expenses		4,737,285	
Aggregate health policy reserves		75,959,232	
Premiums received in advance		13,425,243	
General expenses due or accrued		6,955,887	
Ceded reinsurance premiums payable		14,090	
Amounts withheld or retained for the account of others		1,425,986	
Remittances and items not allocated		2,321,096	
Borrowed money		10,000,000	
Amounts due to parent, subsidiaries and affiliates		14,149,328	
Liability for amounts held under uninsured plans		13,800,295	
Aggregate write-ins for other liabilities		180,419	
 Total Liabilities	 \$	 <u>266,961,228</u>	
 SURPLUS AND OTHER FUNDS			
Unassigned funds (surplus)	\$	<u>236,919,425</u>	
Total Capital and Surplus	\$	236,919,425	
Total of Liabilities, Surplus, and Other Funds	\$	<u>503,880,653</u>	

REGENCE BLUECROSS BLUESHIELD OF UTAH
SUMMARY OF OPERATIONS
for the Year Ended December 31, 2011

	Current Year	Notes
Member months	\$ 3,030,465	
Net premium income	1,029,428,951	
Change in unearned premium reserves and reserve for rate credits	-17,841,838	
Total Revenues	\$ 1,011,587,113	
Hospital/medical benefits	463,125,136	
Other professional services	234,913,492	
Outside referrals	33,633,561	
Emergency room and out-of-area	19,415,701	
Prescription drugs	140,576,442	
Incentive pool, withhold adjustments and bonus amounts	40,452	
Net reinsurance recoveries (less)	-6,696,505	
Total hospital and medical	\$ 898,401,289	
Claims adjustment expenses	65,798,796	
General administrative expenses	64,369,823	
Total underwriting deductions	1,028,569,908	
Net underwriting gain or (loss)	-16,982,795	
Net investment income earned	7,748,016	
Net realized capital gains or (losses)	1,759,389	
Net investment gains or (losses)	9,507,405	
Net gain or (loss) from agents' or premium balances charged off	-279,088	
Aggregate write-ins for other income or expenses	-5,967,661	
Net income or (loss), after capital gains tax and before all other federal income taxes	-13,722,139	
Net transfers to or (from) separate accounts net of reinsurance	-2,907,701	
Net income (loss)	-10,814,438	

**REGENCE BLUECROSS BLUESHIELD OF UTAH
RECONCILIATION OF CAPITAL AND SURPLUS
2008 through 2011**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>Per Exam 2008</u>	<u>Notes</u>
Capital and surplus prior reporting year	\$ 243,735,545	\$ 215,528,369	\$ 228,854,829	\$ 237,721,491	
Net income or (loss)	-10,814,438	16,203,660	-25,010,223	2,851,665	
Change in net unrealized capital gains (losses) less capital gains tax	5,100,063	12,660,544	19,644,754	-228,758	
Change in net unrealized foreign exchange capital gain or (loss)	-406,380	36,929	36,944	-603,314	
Change in net deferred income tax	-1,469,834	-2,060,444	-20,468,813	1,568,115	
Change in non-admitted assets	774,469	14,119,509	9,717,856	12,454,370	
Aggregate write-ins for gains or (losses) in surplus		-12,753,022	2,753,022		
Net change in capital and surplus	-6,816,120	28,207,176	-13,326,460	-8,866,662	
Capital and surplus end of reporting year	\$ 236,919,425	\$ 243,735,545	\$ 215,528,369	\$ 228,854,829	

COMMENTS ON FINANCIAL STATEMENTS

Capital and surplus

\$236,919,425

The examination did not identify any capital and surplus adjustments; therefore the capital and surplus reported in the Organization's annual statement as of December 31, 2011 was determined to be accurate.

The Organization's minimum capital requirement was \$400,000 as defined in U.C.A. § 31A-5-211(2)(a). As defined by U.C.A. § 31A-17 Part 6, the Organization had total adjusted capital of \$236,919,425, which significantly exceeded the company action level risk-based capital (RBC) requirement of \$30,534,181.

SUMMARY OF RECOMMENDATIONS

The examination did not identify any significant or material recommendations during the course of the examination.

ACKNOWLEDGEMENT

David Ball, FSA, MAAA, of the Oregon Insurance Division Life and Health performed the actuarial phases of the examination. In addition, Aaron Phillips, CFE, MBA, and Marc Moyer, CFE, MBA, participated in the examination representing the Utah Insurance Department. They join the undersigned in acknowledging the assistance and cooperation extended during the course of the examination by officers, employees, and representatives of the Organization.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Aaron Phillips', written in a cursive style.

Aaron Phillips, CFE
Utah Insurance Department

CERTIFICATE OF TRUE COPY

I, Aaron Phillips, Financial Examiner of the State of Utah, Department of Insurance, hereby certify that I have carefully compared the attached copy of the Report of Financial Examination of Regence BlueCross BlueShield of Utah with the original on file with the Utah Insurance Department. I further certify that the same is a true and correct copy of said original.

Signed this 25th Day of February, 2013.

A handwritten signature in black ink, appearing to read "Aaron Phillips", written over a horizontal line.

Financial Examiner
State of Utah
Department of Insurance.

February 25, 2013

Jennifer Danielson, President
Regence BlueCross BlueShield of Utah
2890 East Cottonwood Parkway
Salt Lake City, Utah 84121-7035

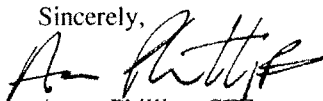
Dear President Danielson:

It is the Utah Insurance Department's goal to conduct efficient and effective examinations of insurers in the least time possible without undermining the integrity of the examination. Please evaluate the Insurance Department's financial examination of your organization at the conclusion of the examination, by completing this survey and returning it to Jake W. Garn, CPA, Chief Examiner. Circle the number that best expresses your opinion.

- | | 1 | 2 | 3 | 4 | 5 | 6 |
|-------------|-------------------|---|---------|-------|----------------|----------------|
| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Not Applicable |
| 1 2 3 4 5 6 | 1. | Prior to the examination, we were informed of the of the examination's information, material and space needs. | | | | |
| 1 2 3 4 5 6 | 2. | The requests for information, materials and space were reasonable | | | | |
| 1 2 3 4 5 6 | 3. | We were given sufficient time to respond to the requests. | | | | |
| 1 2 3 4 5 6 | 4. | The examiner(s) provided us with the opportunity to respond to any exceptions noted. | | | | |
| 1 2 3 4 5 6 | 5. | The examiner(s) gave us helpful and accurate information regarding insurance laws, Utah Insurance Departments rules, and policies and procedures promulgated by the National Association of Insurance Commissioners (NAIC). | | | | |
| 1 2 3 4 5 6 | 6. | The examiner(s) observed proper working hours, our dress code and use of company facilities. | | | | |
| 1 2 3 4 5 6 | 7. | The examiner(s) gave me and my staff clear, understandable answers to our questions. | | | | |
| 1 2 3 4 5 6 | 8. | The examiner(s) handled any difficult or challenging interpersonal situations professionally. | | | | |
| 1 2 3 4 5 6 | 9. | The examiner(s) treated me and my staff with courtesy. | | | | |
| 1 2 3 4 5 6 | 10. | The examiner(s) discussed the preliminary results of the examination with me and my staff. | | | | |
| 1 2 3 4 5 6 | 11. | The final examination report was clear, understandable and easy to follow. | | | | |
| 1 2 3 4 5 6 | 12. | The examination was completed within a reasonable period of time. | | | | |
| 1 2 3 4 5 6 | 13. | Statutory laws and rules were interpreted consistently and uniformly by Utah Insurance Department employees. | | | | |
| 1 2 3 4 5 6 | 14. | I was treated fairly by the examiner(s). | | | | |
| 1 2 3 4 5 6 | 15. | I understood my appeal rights at the conclusion of the examination. | | | | |
| 1 2 3 4 5 6 | 16. | If it was necessary for me to contact others in the Utah Insurance Department, they responded to my questions quickly and clearly. | | | | |
| 1 2 3 4 5 6 | 17. | Overall, I was satisfied with the manner in which the examination was conducted. | | | | |
| 1 2 3 4 5 6 | 18. | My perception of the Utah Insurance Department is more positive as a result of the examination. | | | | |

If you have any suggestions for improving the examination process, please write those suggestions on the back of this form. Thank you for helping us to improve the examination process.

Sincerely,



Aaron Phillips, CFE

Audit Manager, Utah Insurance Department



State of Utah

GARY R. HERBERT
Governor

GREG BELL
Deputy Governor

TODD E. KISER
Insurance Commissioner

Insurance Department

February 25, 2013

Jennifer Danielson, President
Regence BlueCross BlueShield of Utah
2890 East Cottonwood Parkway
Salt Lake City, Utah 84121-7035

Dear Mrs. Danielson:

I am submitting a copy of the financial examination report of Regence BlueCross BlueShield of Utah, as of December 31, 2011.

Pursuant to Utah Code Annotated (U.C.A.) § 31A-2-204(7), the examined insurer may either accept the report as written or request agency action to modify the examination report. If a written request for agency action is not filed within twenty (20) days, from the date of this letter, the report will be officially filed as a public document.

If you have any questions, please feel free to contact me.

Sincerely,

Todd E. Kiser
INSURANCE COMMISSIONER

By: Jacob W. Garn, MBA, CPA, CFE
Chief Financial Examiner

cc: Todd E. Kiser, Insurance Commissioner
Donald Catmull, CFE, CPM, PIR, Assistant Chief Examiner
Company File
Exam Tracking File

I have read the financial examination report of the Utah Insurance Department and hereby agree to waive the 20 day waiting period and accept the examination report as written.

Printed Name

Signature

Title

Date

Regence BlueCross BlueShield of Utah
2890 East Cottonwood Parkway
Salt Lake City, Utah 84121-7035