



Commissioner Donna Lee H. Williams

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P R E S S R E L E A S E

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WELLPOINT FILES TO ACQUIRE CAREFIRST

DOVER, DE – Insurance Commissioner Donna Lee H. Williams announced today that WellPoint has filed an application to allow WellPoint to acquire CareFirst and its non-profit subsidiaries, including Blue Cross Blue Shield of Delaware, Inc., and to permit Blue Cross Blue Shield of Delaware, Inc. to become a for profit health insurance licensee. Under existing Delaware law and Commissioner Williams' order of March 20, 2000, the approval and conversion process will face a comprehensive legal and financial review.

The acquisition of control of an insurance licensee is only permitted after the companies submit comprehensive financial and market information, which will be strictly scrutinized by the Delaware Insurance Department to assure that it:

- Will be legal;
- Will not create a monopoly;
- Will not adversely affect policyholders;
- Will not harm the public interest;
- Will assure that the integrity of the new officers and/or directors will be beneficial to the policyholders and the public.

In addition to the existing statutory provisions, the March 20, 2000, order permitting the affiliation between CareFirst and Blue Cross Blue Shield of Delaware, Inc. requires that any transfer or sale of assets or change of control be specifically subject to a plan that assures protection of the Blue Cross Blue Shield of Delaware, Inc. surplus and the transfer of that surplus to a non-profit entity in Delaware.

Once the Delaware Insurance Department has a chance to review the specifics of the application, it will undertake a comprehensive legal and financial review of the transaction. That process will require WellPoint, CareFirst and Blue Cross Blue Shield of Delaware, Inc. to submit significant supporting documents and to obtain the approval of the other state and federal regulators as appropriate.

State law requires a public hearing for this type of transaction. Commissioner Williams plans to appoint either a former judge or distinguished member of the Delaware Bar to be the hearing officer. The public hearing will not only consider the applicant's evidence relating to the application, but will allow the public an opportunity to present testimony relevant to the transaction and its effect on the health insurance concerns of the citizens of the State of Delaware.

CareFirst and WellPoint have publicly stated that they expect this process to take more than 18 months in Delaware, Maryland and the District of Columbia. Because this application is so important to all Delawareans, Commissioner Williams will establish a special link on her webpage for consumer information about this transaction. The webpage link will allow the public to view the order entered on March 20, 2000, abstracts of the filings for this application, and press releases concerning this transaction. The webpage will also have a link to allow consumer comments to be directly submitted to the Delaware Insurance Department.

With some exceptions, most of the documents relating to the application will be available for inspection and copying under the Freedom of Information Act at the Commissioner's office in Dover. Please contact the Insurance Department at (302) 739-4251 for more information on access to the official documents under the Freedom of Information Act.

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