

Via Email

March 4, 2020

Jared T. Kosky, Esq.
Special Counsel to the Commissioner
State of Connecticut Insurance Department
153 Market Street
Hartford, CT 06142-0816

**Re: Proposed Plan of Reorganization of Connecticut Medical Insurance Company
Docket # EX 20-24**

Dear Attorney Kosky:

Thank you for your letter of February 28, 2020 regarding your review of Connecticut Medical Insurance Company's Reorganization of Domestic Mutual Insurer Application submitted on January 31, 2020 (the "Application"). We appreciate your comments and thoughts as to ways to ensure compliance with statutory requirements and to improve overall disclosure to the members of Connecticut Medical Insurance Company.

We are providing the below responses to the comments made in your February 28, 2020 letter, and are including with this letter copies of the following documents:

1. Cover Letter to the Members;
2. Policyholder Information Statement;
3. Plan of Reorganization;
4. Amended and Restated Certificate of Incorporation of Connecticut Medical Insurance Company;
5. Bylaws for Integris Insurance Company (Converted Insurer); and
6. Bylaws for Integris Group Incorporated (Mutual Holdco).

Each of the above documents are marked to show changes made to the versions submitted to the Connecticut Insurance Department with the Application on January 31, 2020 (with the exception of the Cover Letter, which is newly submitted with this letter). As you will see in reviewing the marked documents, these marked changes include various corrections, updating and editing to reflect internal comments, together with changes in response to your comments as discussed below (we have tried to highlight these sections in yellow to facilitate your review).

March 4, 2020
Jared T. Kosky, Esq.
Special Counsel to the Commissioner
State of Connecticut Insurance Department

As requested on our call last week, we have also included revised copies of page 2 from the biographical affidavit for Stephen J. Gallant (correcting the answer to question 8 to include Connecticut Medical Insurance Company in his employment history) and page 3 from the biographical affidavit for Michael P. Conneely (correcting the answer to question 9.b. to reflect that he has never been denied an individual or position schedule fidelity bond, or had a bond canceled or revoked).

Finally, we have included a copy of Connecticut Medical Insurance Company's December 31, 2019 Annual Financial Filing (which was also separately submitted to the Connecticut Insurance Department on or before March 1, 2020).

Taking your comments in the order that they appear in your February 28 letter:

ITEM 3

Comment:

1. *In the Amended and Restated Certificate of Incorporation of Connecticut Medical Insurance Company, Item 2 states: "The total number of shares which the Corporation is authorized to issue is 20,000 all of which shall be common stock, \$.01 par value." Please refer to Conn. Gen. Stat. 38a-72 concerning the financial requirements of an insurance company and amend the preceding statement in the Application accordingly.*

Response: We have revised Item 2 of the Amended and Restated Certificate of Incorporation of Connecticut Medical Insurance Company to provide as follows: "The total number of shares which the Corporation is authorized to issue is 10,000, all of which shall be common stock, \$100 par value." With this revision, the total authorized shares will have a par value of \$1,000,000. Please also see capitalization as set forth in the Policyholder Information Statement under the "Description of the Reorganization Transaction." (page 4)

ITEM 4

Comments:

1. *In the Bylaws of Integris Group Incorporated, Section 2, Acceptance for Membership, subsection (c) states: "Making such surplus contribution(s) to the Stock Insurer as may be determined necessary by the Board of Directors from time to time." This requirement does not appear to fit within the requirement to "Acceptance for Membership" and should either be deleted or moved to a more appropriate section within the Bylaws.*

Response: We have deleted Section 2(c) from the Bylaws of Integris Group Incorporated.

2. *In the Amended and Restated Bylaws of Integris Insurance Company, Article XI, Section 1, Return of Premiums and Section 2, Surplus Contributions; Implies that contributions from*

March 4, 2020
Jared T. Kosky, Esq.
Special Counsel to the Commissioner
State of Connecticut Insurance Department

members go directly into the stock insurance company when the contribution is required to come from the holding company. In addition it implies that return of premium to members will come directly from the insurance company when in fact it would be a dividend (which may require prior approval) to the holding company. Please either remove or revise these statements.

Response: We have deleted Article XI, Section 2, Surplus Contributions, and have made conforming changes to Article VIII (Distribution on Liquidation) to remove the reference to repayment of surplus contributions. (page 9) We have also revised the second sentence of Article XI, Section 1, Return of Premiums, as follows: "Such return of premiums may take the form of a reduction in renewal premiums or the payment of distributions to policyholders~~dividends on the policies~~, and shall be made according to such criteria as the Board of Directors may determine from time to time." (page 10)

In addition, we have revised Article IX (Fiscal Year) to provide that the fiscal year for Integris Insurance Company shall be the calendar year (page 9), and have cleaned up Article X (Indemnification) to delete Section 4 (Merger, Etc.), as such section is not necessary for the Bylaws of Integris Insurance Company.

ITEM 8.

Comments:

1. Please provide a sample cover letter to members.

Response: The proposed cover letter to members is included with this letter.

2. By separate email, I will be sending you a revised Notice of Public Hearing for this matter that should replace the one provided in your Application.

Response: We have included the revised Notice of Public Hearing, sent by email on February 28, 2020, in the revised Policyholder Information Statement.

3. On page 4 of the Proposed Plan of Reorganization, please input the initial capitalization amount that is referenced but not included.

Response: We have revised the Plan of Reorganization (Section 1.6, page 3) and the Policyholder Information Statement (Description of the Reorganization Transaction, page 4) to include the initial capitalization amount for each of Integris Insurance Company, Integris Financial Services Incorporated and Integris Group Incorporated and to further clarify the issuance and contribution of shares of such entities in connection with the reorganization.

*4. On page 7 of the Proposed Plan of Reorganization the following statement is made:
"Regulatory restrictions place limits on the extent to which insurance companies can sell*

March 4, 2020
Jared T. Kosky, Esq.
Special Counsel to the Commissioner
State of Connecticut Insurance Department

non-insurance products and services or invest in ancillary and non-insurance subsidiaries.” Please either include a statutory citation for this statement or rephrase accordingly.

Response: We have deleted the sentence referring to regulatory restrictions in the Policyholder Information Statement, as the discussion further down in the paragraph more accurately describes the analysis.

5. Also, on page 7 of the Proposed Plan of Reorganization the following statement is made: “Furthermore, currently CMIC cannot acquire or merge with other mutual entities ceasing to exist as a separate insurer.” Because control may be obtained through affiliation, please rephrase this statement accordingly.

Response: We have rephrased the above statement to clarify that CMIC can currently affiliate with other entities. (page 7)

6. On page 18 of the Proposed Plan of Reorganization there is a row with regards to Quorum and how that provision will change from CMIC to the Converted Insurer. Does this conversion take the ultimate voting power away from the Members? Please respond or amend/rephrase this section as appropriate.

Response: We have revised the row regarding quorum and included a more detailed description of the members voting rights following the reorganization in the section of the Policyholder Information Statement titled “Effects of the Reorganization – Effect on Contract Rights and Membership Interests/Equity Rights of CMIC Members/Policyholders.” (page 15)

We have also revised Article VI, Section 3 (Quorum Requirements and Voting) of the Bylaws of Integris Group Incorporated to provide as follows: “Members shall be entitled to vote on all matters required by applicable law, including on fundamental corporate transactions for which a membership vote is required by the Connecticut Revised Nonstock Corporation Act, or by applicable insurance laws and regulations.” (page 7)

ADDITIONAL CHANGES

We have also made additional clean-up and clarifying changes to the Policyholder Information Statement, including, among others, the following noted changes:

1. We have revised question 6 in the Frequently Asked Questions (page 3) and the section of the Policyholder Information Statement titled “Reasons and Purposes of Reorganization, Benefits and Risks” (pages 6-8) to conform to the language in the Plan of Reorganization.
2. We have added language to clarify that the June 17, 2020 deadline to receive proxies will be changed if the Annual Meeting is recessed or adjourned. (Question 17 of the Frequently Asked Questions, page 6, and Notice of Annual Meeting of Members, page

March 4, 2020
Jared T. Kosky, Esq.
Special Counsel to the Commissioner
State of Connecticut Insurance Department

3. We have revised the section of the Policyholder Information Statement titled "Financial Information" to explain that no pro forma financial information for Integris Group Incorporated (Mutual Holdco) will be presented in the Policyholder Information Statement since the financial statements of Integris Group Incorporated (Mutual Holdco) after consummation of the reorganization will not differ materially from the financial statements of Integris Insurance Company (Converted Insurer). (page 23)

Should you have any further questions and/or need further information, please contact me at (203) 222-3123 or Stephen J. Gallant at (860) 781-8421.

Sincerely,



Barbara A. Young

cc: Stephen J. Gallant
Kathy Belfi, CID
Joan Nakano, CID