

Plan of Reorganization

1. **Applicant.** Blue Cross of Idaho Health Service, Inc., an Idaho nonprofit mutual insurance corporation (“BCI”).

2. **Statutory Basis.** This Plan of Reorganization - Limited Application (“Plan”) is submitted for approval of the Director of the Idaho Department of Insurance (“Director”) under Idaho Code Section 41-3824 and Idaho Administrative Code Rule 18.07.01.

3. **Description of Reorganization.**

3.1 **Creation of Mutual Insurance Holding Company.** BCI will form a mutual insurance holding company (“MIHC”) as a nonprofit corporation under Idaho Code Title 30, Chapter 21.

3.2 **Conversion of BCI.** On the Effective Date (defined below), BCI will convert from a nonprofit mutual insurance corporation into a stock insurance company.

3.3 **Stock Issuance.** All the initial shares of BCI’s capital stock will be issued to MIHC, and no shares of BCI’s capital stock will be transferred to any other person under this Plan. MIHC will at all times own a majority of the voting shares of the capital stock of BCI.

3.4 **Policyholders’ Interest.** The membership interests of the policyholders of BCI will become membership interests in MIHC, and their membership interests in BCI will be extinguished, resulting in the policyholders of BCI becoming members of MIHC. Members of MIHC will have the same membership rights in MIHC as they possessed in BCI, including, without limitation, the right to vote for the MIHC Board (defined below).

3.5 **Board of Directors of MIHC.** All members of MIHC’s Board of Directors (“MIHC Board”) at the time of the reorganization will be policyholders.

4. **Effect of Plan.**

4.1 **Continuation of Existing Policies.** All policies in force between BCI and policyholders will remain in effect and all policy rights and obligations will remain unchanged.

4.2 **Accumulation of Earnings.** Any accumulation or prospective accumulation of earnings by MIHC in excess of that determined by the MIHC Board to be necessary will invoke to the exclusive benefit of MIHC’s members.

4.3 **Status as Insurer for Purposes of Delinquency Proceedings.** MIHC shall be deemed to be an insurer for purposes of Idaho Code Title 41, Chapter 33 (“Insurers Supervision, Rehabilitation and Liquidation”).

4.4 **Policyholder Claims.** MIHC shall automatically be a party to any proceeding under Idaho Code Title 41, Chapter 33 involving BCI. The assets of MIHC will be deemed to be assets of BCI for purposes of satisfying the claims of BCI’s policyholders.

4.5 **Financial Condition.** Upon reorganization, all assets and obligations of BCI shall remain with BCI. The reorganization will cause no change in the financial condition of BCI, its affiliates, or its subsidiaries.

5. **Annual Statements.** MIHC will provide annual reports and financial statements to the members at each annual meeting in a continuation of BCI’s current and historical practice.

6. **Board Approval.** The Board of Directors of BCI (“**BCI Board**”) approved this Plan on April 29, 2022.

7. **Policyholder Approval.** This Plan shall be submitted for policyholder approval in accordance with BCI’s articles of incorporation and bylaws, with at least twenty days’ notice to policyholders. Approval by policyholders will be sought at the annual meeting of policyholders held the last Friday of April, 2023.

8. **Effective Date.** The effective date of this Plan (“**Effective Date**”) shall be (a) the effective date specified in MIHC’s articles of incorporation or (b) if no date is specified, the date MIHC’s articles of incorporation are filed by the Idaho Secretary of State.

9. **Amendment, Corrections, or Withdrawal of Plan.** This Plan may be amended, corrected, or withdrawn by a majority vote of the BCI Board at any time prior to being submitted for policyholder approval, or at any time with the consent of the Director.

10. **Satisfaction of Regulatory Requirements.** The table below identifies the provisions of this Plan that comply with the requirements of the Idaho Code and the Idaho Administrative Code.

Idaho Code Section 41-3824	Location in Plan of Reorganization
(1)(b) All of the initial shares of the capital stock of the reorganized insurer shall be issued to the mutual insurance holding company.	Section 3.3
(1)(b) The membership interests of the policyholders of the reorganized insurer shall become membership interests in the mutual insurance holding company.	Section 3.4
(1)(b) Policyholders of the reorganized insurer shall be members of the mutual insurance holding company in accordance with the articles of incorporation and bylaws of the mutual insurance holding company.	Section 3.4
(1)(b) The mutual insurance holding company shall at all times own a majority of the voting shares of the capital stock of the reorganized insurer.	Section 3.3

(4) A mutual insurance holding company is deemed to be an insurer subject to chapter 33, title 41, Idaho Code, and shall automatically be a party to any proceeding under chapter 33, title 41, Idaho Code, involving an insurer that, as a result of a reorganization pursuant to subsection (1) or (2) of this section, is a subsidiary of the mutual insurance holding company.	Sections 4.3, 4.4
(4) In any proceeding under chapter 33, title 41, Idaho Code, involving the reorganized insurer, the assets of the mutual insurance holding company are deemed to be assets of the estate of the reorganized insurer for purposes of satisfying the claims of the reorganized insurer's policyholders.	Section 4.4
Idaho Administrative Code Rule 18.07.01.051.02	Location in Plan of Reorganization
a. Designation as limited or standard.	Section 2
c. A plan for policyholder approval in accordance with the applicant's articles of incorporation and bylaws, with at least twenty (20) days' notice to the policyholders of any such plan.	Section 7
f. Information sufficient to demonstrate that the applicant's financial condition will not be diminished upon reorganization.	Section 4.5
Idaho Administrative Code Rule 18.07.01.053.01	Location in Plan of Reorganization
The plan of reorganization or "Plan" needs to preserve property and protect policyholders' interests, be fair and equitable to policyholders, and not diminish the applicant's financial condition.	Sections 3.4, 4.1, 4.3, 4.5, 7
Idaho Administrative Code Rule 18.07.01.053.02	Location in Plan of Reorganization
a. Establishing an MHC with at least one (1) stock insurance company subsidiary or one (1) intermediary stock holding company with a stock insurance company subsidiary, the share of which is held exclusively by the mutual insurance holding company.	Sections 3.1, 3.2, 3.3
b. Protection of existing policyholders' interests.	Sections 3.4, 4.1
c. Providing existing and future policyholder membership in the MHC.	Section 3.4

d. The number of policyholder members of the board of directors of the MHC.	Section 3.5
e. Demonstrating that, if there are proceedings under Title 41, Chapter 33, Idaho Code, involving a stock insurance company subsidiary of the MHC, the assets of the MHC will be available to satisfy the policyholder obligations of the stock insurance company.	Section 4.3
f. How any accumulation or prospective accumulation of earnings by the MIHC in excess of that determined by the board of directors to be necessary will invoke to the exclusive benefit of the MHC's member policyholders.	Section 4.2
g. The nature and content of the annual report and financial statement sent to each member.	Section 5