

P.O. Box 690, Jefferson City, Mo. 65102-0690

IN RE: The Proposed Acquisition of FirstGuard) Health Plan. Inc., by Swope Community) Enterprises)

Case No. 021121626C

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Based on the testimony and other evidence presented, I, Scott B. Lakin, Director of Department of Insurance, State of Missouri, ("Director") find that:

1. On or about November 19, 2002, a Form A Registration Statement was filed with the Missouri Department of Insurance (the "Department") on behalf of Swope Community Enterprises ("Applicant") in connection with the proposed acquisition of FirstGuard Health Plan, Inc. ("FirstGuard"), a Missouri domestic health maintenance organization. On December 19, 2002, the Department issued a Notice of Hearing, ordering that a public hearing on the proposed acquisition be held at 10:00 a.m. on December 27, 2002, in Room 530 of the Truman Office Building, 301 West High Street, Jefferson City, Missouri. A public hearing was held on December 27, 2002, as scheduled. Mary Beth Blake appeared for the Applicant. Mark W. Stahlhuth appeared for the Department's Division of Financial Regulation.

2. According to the Form A, the Applicant is a Missouri nonprofit corporation. Also according to the Form A, Applicant plans to acquire all of the stock in FirstGuard as part of the reorganization of Model Cities Health Corporation of Kansas City d/b/a Swope Parkway Health Center ("Model Cities"). After the acquisition, Model Cities and FirstGuard will operate under the ownership and control of Applicant.

3. A preponderance of evidence on the whole record fails to show that:

A. After the acquisition of FirstGuard by the Applicant, FirstGuard will not be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed.

B. The effect of the acquisition of FirstGuard by the Applicant will be to substantially lessen competition in insurance, or tend to create a monopoly in this state.

C. The financial condition of the Applicant is such as to jeopardize the financial stability of FirstGuard or prejudice the interest of its policyholders.

D. The Applicant's plans or proposals, if any, to liquidate FirstGuard, to sell its assets or to consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management are unfair or unreasonable to policyholders of FirstGuard or contrary to the public interest.

E. The competence, experience and integrity of the Applicant's management are such that it would be contrary to the interests of the policyholders of FirstGuard and of the public to permit the acquisition of FirstGuard by the Applicant.

F. The proposed acquisition of FirstGuard by the Applicant is likely to be hazardous or prejudicial to the insurance buying public.

<u>ORDER</u>

Based on the foregoing findings and conclusions, the proposed acquisition of FirstGuard Health Plan, Inc., by Swope Community Enterprises is hereby **APPROVED**.

So ordered, signed and official seal affixed this _____ day of _____, 2003.

SCOTT B. LAKIN, Director Missouri Department of Insurance State of Missouri