

Figure 1

APPENDIX D. HMO Form D

PRIOR NOTICE OF A TRANSACTION

HMO FORM D

**OKLAHOMA HOLDING COMPANY
PRIOR NOTICE OF A TRANSACTION**

Filed with the Insurance Commissioner for
the State of Oklahoma.

BY _____

Name of Registrant
On Behalf of the Following Health Maintenance Organizations (HMO)
Name(s) and Address(es)

Date: _____, 20__

Name, Title, Address and Telephone Number of Individual to
Whom Notices and Correspondence Concerning This Statement
Should Be Addressed:

ITEM 1. Identity of parties to transaction

Furnish the following information for each of the parties to the transaction:

- (a) Name.
- (b) Home office address.
- (c) Principal executive office address.
- (d) The organizational structure, i.e. corporation, partnership, individual, trust, etc.
- (e) A description of the nature of the parties' business operations.
- (f) Relationship, if any, of other parties to the transaction to the HMO filing the notice, including any ownership or debtor/creditor interest by any other parties to the transaction in the HMO seeking approval, or by the HMO filing the notice in the affiliated parties.
- (g) Where the transaction is with a non-affiliate, the name(s) of the affiliate(s), which will receive, in whole or in substantial part, the proceeds of the transaction.

Figure 2

ITEM 2. Description of the transaction

Furnish the following information for each transaction for which notice is being given:

- (a) A statement as to whether notice is being given under O.A.C. 365:40-3-14(b).
- (b) A statement of the nature of the transaction.
- (c) The proposed effective date of the transaction.

ITEM 3. Sales, purchases, exchanges, loans, extensions of credit, guarantees or investments

Furnish a brief description of the amount and source of funds, securities, property or other consideration for the sale, purchase, exchange, loan, extension of credit, guarantee, or investment, whether any provision exists for purchase by the HMO filing notice, by any party to the transaction, or by any affiliate of the HMO filing notice, a description of the terms of any securities being received, if any, and a description of any other agreements relating to the transaction such as contracts or agreements for services, consulting agreements and the like. If the transaction involves other than cash, furnish a description of the consideration, its cost and its fair market value, together with an explanation of the basis for evaluation.

If the transaction involves a loan, extension of credit or a guarantee, furnish a description of the maximum amount, which the HMO will be obligated to make available under such loan, extension of credit or guarantee, the date on which the credit or guarantee will terminate, and any provisions for the accrual of or deferral of interest. If the transaction involves an investment, guarantee or other arrangement, state the time period during which the investment, guarantee or other arrangement will remain in effect, together with any provisions for extensions or renewals of such investments, guarantees or arrangements. Furnish a brief statement as to the effect of the transaction upon the HMO's surplus. No notice need be given if the maximum amount which can at any time be outstanding or for which the HMO can be legally obligated under the loan, extension of credit or guarantee is less than, as of the 31st day of December next preceding, the lesser of 3% of the HMO's admitted assets or 25% of surplus as regards policyholders.

ITEM 4. Loans or extensions of credit to a non-affiliate

If the transaction involves a loan or extension of credit to any person who is not an affiliate, furnish a brief description of the agreement or understanding whereby the proceeds of the proposed transaction, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase the assets of, or to make investments in, any affiliate of the HMO making such loans or extensions of credit, and specify in what manner the proceeds are to be used to loan to, extend credit to, purchase assets of or make investments in any affiliate. Describe the amount and source of funds, securities, property or other consideration for the loan or extension of credit and, if the transaction is one involving consideration other than cash, a description of its cost and its fair market value together with an explanation of the basis for evaluation. Furnish a brief statement as to the effect of the transaction upon the HMO's surplus. No notice need be given if the loan or extension of credit is one which equals less than the lesser of 3% of the HMO's admitted assets or 25% of capital and surplus.

Figure 3

ITEM 5. Reinsurance

If the transaction is a reinsurance agreement or modification thereto, as described by O.A.C. 365:40-3-13(b)(3)(B), furnish a description of the known and/or estimated amount of liability to be ceded and/or assumed in each calendar year, the period of time during which the agreement will be in effect, and a statement whether an agreement or understanding exists between the HMO and non-affiliate to the effect that any portion of the assets constituting the consideration for the agreement will be transferred to one or more of the HMO's affiliates. Furnish a brief description of the consideration involved in the transaction, and a brief statement as to the effect of the transaction upon the HMO's surplus. No notice need be given for reinsurance agreements or modifications thereto if the reinsurance premium or a change in the HMO's liabilities in connection with the reinsurance agreement or modification thereto is less than 5% of the HMO's capital and surplus as of the 31st day of December next preceding.

ITEM 6. Management agreements, service agreements and cost-sharing arrangements

For management and service agreements, furnish:

- (a) a brief description of the managerial responsibilities, or services to be performed.
- (b) a brief description of the agreement, including a statement of its duration, together with brief descriptions of the basis for compensation and the terms under which payment or compensation is to be made.

For cost-sharing arrangements, furnish:

- (a) a brief description of the purpose of the agreement.
- (b) a description of the period of time during which the agreement is to be in effect.
- (c) a brief description of each party's expenses or costs covered by the agreement.
- (d) a brief description of the accounting basis to be used in calculating each party's costs under the agreement.

ITEM 7. Information in the Application for Certificate of Authority

Subsequent to receiving its certificate of authority, the HMO must submit the information, modifications or amendments to the items 4-6 and 11 described in subsection C of Section 6903 of the Title 36 to the Insurance Commissioner for approval prior to the effectuation of the modification or amendment.

ITEM 8. Powers that may affect the financial soundness of an HMO

An HMO shall file notice, with adequate supporting information with the Insurance Commissioner prior to the exercise of any power granted in paragraphs 1, 2 or 4 of subsection A of Section 6905 of Title 36 that may affect the financial soundness of the HMO. No information need to be disclosed on the registration statement filed, if such information is not material for the purposes of this section. Unless the Commissioner by rule, regulation or order provides otherwise, sales purchases, exchanges, loans or extensions of credit, or investments, involving one-half of one percent ($1/2$ of 1%) or less of an insurer's admitted assets as of the 31st day of December next preceding shall not be deemed material for purposes of this section.

ITEM 9. Signature and certification

Signature and certification required as follows:

SIGNATURE

Pursuant to the requirements of O.A.C. 365:40-3-13,
_____ has caused this notice to be duly signed on its behalf
in the City of _____ and State of _____
on the ____ day of _____, 20____.

(SEAL) _____

Name of Applicant

BY _____

(Name)

(Title)

Attest:

(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached notice dated
_____, 20____, for and on behalf of _____;

(Name of Applicant)

that (s)he is the _____ of such company and that (s)he is authorized to
(Title of Officer)

execute and file such instrument. Deponent further says that (s)he is familiar with such
instrument and the contents thereof, and that the facts therein set forth are true to the best
of his/her knowledge, information and belief.

(Signature)

(Type or print name beneath)