

Life & Specialty  
Ventures<sup>SM</sup>

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# Acquisition of LifeMap Assurance Company

November 1, 2021

# Summary and Benefits of the Proposed Transaction

# LIFE AND SPECIALTY VENTURES, LLC

## Background

- Life and Specialty Ventures, LLC (LSV) is a limited liability company. Currently, USABLE Life Mutual Insurance Company (d/b/a Arkansas Blue Cross and Blue Shield) and Diversified Health Services Inc., a subsidiary of the Florida Blue Cross Blue Shield-owned Guidewell Group, Inc., each own a 43.10% share of LSV; and Blue Cross Blue Shield Hawaii and Highmark, Inc. own 12.30% and 1.50% of LSV, respectively.
- LSV's primary operating subsidiary is USABLE Life, an Arkansas domestic life insurance company and a 100% wholly-owned subsidiary of LSV. USABLE Life is licensed in 49 states and the District of Columbia and provides LSV's controlling entities with diversification through access to dental, life, disability, and other ancillary accident and health products, enabling them to compete with national carriers that tend to offer bundled products.
- USABLE Life reinsures 100% of Florida Combined Life Insurance Company's direct dental, life, and disability business in Florida; 100% of USABLE Life Mutual Insurance Company's direct dental business in Arkansas; and 100% of Blue Cross Blue Shield Hawaii's direct dental business in Hawaii. USABLE Life also writes group term life, group short-term and long-term disability, and various supplemental accident and health coverages, consisting mostly of cancer, accident, critical illness, and hospital indemnity.

# LIFEMAP ASSURANCE COMPANY

## Background

- LifeMap Assurance Company (LifeMap) is an Oregon insurance company owned by four subsidiaries of Cambia Health Solutions, Inc., an Oregon nonprofit corporation (Cambia).
- LifeMap offers ancillary and voluntary coverage to employer groups and individuals in nine states: Alaska, California, Idaho, Montana, Oregon, Rhode Island, Utah, Washington and Wyoming.
- LifeMap offers group and voluntary products for life, dental, vision, short- and long-term disability, critical illness, and accident insurance coverage. LifeMap's individual insurance products include short-term medical, critical illness, and dental/vision. LifeMap also offers health and disability benefit services for self-funded plans on a fee basis.

## TRANSACTION SUMMARY

Pursuant to the terms of a Master Transaction Agreement, Cambia has agreed to cause:

- (i) subsidiary affiliates to contribute 100% of the issued and outstanding capital stock of LifeMap to Northwest LSV Holding Company, Inc, an Oregon corporation (Newco), a controlled subsidiary of Cambia;
- (ii) Newco to contribute 100% of the issued and outstanding capital stock of LifeMap to LSV; and
- (iii) one or more of its affiliates to enter into a reinsurance agreement and an administrative services agreement with USAble Life pursuant to which USAble Life will reinsure and administer most all of the commercial and governmental dental insurance business of those affiliates.

In consideration for these transactions, LSV will ultimately issue to Newco a total of approximately 17.6% of the ownership interests of LSV (the “Transaction”). As a result, Newco will also have one director seat on the LSV Board.

# Benefits of the Proposed Transaction

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## IMPACT TO LIFEMAP

- As previously noted, USABLE Life is licensed in 49 states and the District of Columbia and provides access to dental, life, disability, and other ancillary accident and health products, enabling LSV controlling entities to compete with national carriers that tend to offer bundled products.
- Together, LifeMap and USABLE Life have successful, multi-decade histories of serving Blue Cross and Blue Shield plan members. They bring substantial expertise and scale into an organization that will support 1.7 million ancillary members and 1.5 million dental members across 17 Blue Cross Blue Shield plans.
- Increased competitiveness through improved product design and data-driven underwriting/actuarial processes
- Introduction of broader, high-quality dental networks
- Accelerated future competencies to support integrated medical/dental product and delivery
- Increased investment from scale
- Enhanced management expertise on product development/management, marketing, and operations



## IMPACT TO LIFEMAP MEMBERS

- The Transaction should result in no material impact to consumers and current policyholders/members.
- The Transaction will create benefits for LifeMap's Employee-Members - by delivering:
  - Affordable medical-dental and supplemental products
  - Improved health outcomes and increased financial wellness
- The Transaction will create benefits for LifeMap's Employer-Members - by offering:
  - Competitively priced products that employees can afford
  - Simple, customizable products that are easy to understand and use
  - Easy integration with benefit administration platforms

## IMPACT ON LIFEMAP EMPLOYEES

- LSV intends for LifeMap to continue to maintain its licenses as an insurer in the nine states in which it is currently licensed.
- LifeMap will maintain its principal office in Portland, Oregon where its business is operated by approximately 100 persons.
- US Able Life will make LifeMap's Portland office a new US Able Life business hub by directly employing the persons currently operating LifeMap's business.
- Both LifeMap and US Able Life products sold in the LifeMap geographies will be serviced by persons/teams currently operating LifeMap's business augmented by US Able Life's resources in other U.S. locations to ensure continued coverage of the full LifeMap-US Able Life combined service area.

# Regulatory Oversight

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## OREGON DIVISION OF FINANCIAL REGULATION

- LifeMap is licensed as an Oregon domestic insurance company and is subject to regulation by the State of Oregon Department of Consumer and Business Services – Division of Financial Regulation (Oregon DFR).
- The proposed acquisition is subject to Oregon DFR approval and will not affect the Oregon license. Oregon DFR will continue providing the same regulatory oversight regarding the state license.

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