

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Proposed Exemption)
of COVENTRY HEALTH CARE, INC.) Docket No. 3189-H

ORDER

Now comes on for disposition the request of Coventry Health Care, Inc. for an Order under Kansas Statutes Annotated (K.S.A.) 40-3304(e) exempting said entity from the filing and approval requirements of K.S.A. 40-3304, as said statute may be construed to apply to the proposed restructuring of the insurance holding company system which is to be accomplished by the merger of Healthcare America, Inc. with and into Coventry Health Care, Inc. Coventry Health Care, Inc. will be the surviving entity. Following the merger, Coventry Health Care of Kansas, Inc. will become a direct subsidiary of Coventry Health Care, Inc.

FINDINGS OF FACT

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-103 and K.S.A. 40-3301, et seq.
2. Applicant has requested an exemption from the acquisition and approval requirements of the Kansas Insurance Holding Companies Act under K.S.A. 40-3304(e).
3. Coventry Health Care, Inc., a Delaware insurance holding company, is the ultimate controlling person in the holding company system.
4. Healthcare America, Inc., is a wholly owned subsidiary of Coventry Health Care Inc.
5. Healthcare America, Inc., is the parent company of Coventry Health Care of Kansas, Inc.

6. Applicant proposes to reorganize the insurance holding company system.
7. Healthcare America, Inc. will merge with and into Coventry Health Care, Inc., on or about August 10, 2003.
8. Coventry Health Care of Kansas, Inc., will become a direct subsidiary of Coventry Health Care, Inc.
9. Both before and after the merger, Coventry Health Care Inc., is and will continue to be the ultimate controlling person in the insurance holding company system.

CONCLUSIONS OF LAW

10. K.S.A. 40-3304(e) provides
 - (e) The provisions of this section shall not apply to:

Any offer, request, invitation, agreement or acquisition which the commissioner of insurance by order shall exempt therefrom as:

 - (1) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer;...
11. Based upon the information enumerated in the Findings of Fact contained in paragraphs 1 through 9 above, and the representations of Healthcare America, Inc. and Coventry Health Care, Inc., the merger of Healthcare America, Inc., with and into Coventry Health Care Inc., is not made for the purpose of and will not have the effect of changing or influencing the control of Coventry Health Care of Kansas, Inc., a Kansas domestic insurer.

IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED THAT:

1. Coventry Health Care, Inc., shall be exempt from the application of the formal filing and approval requirements of K.S.A 40-3304 as it may be deemed to apply to the merger of Healthcare America, Inc., with and into Coventry Health Care Inc., which, will result in

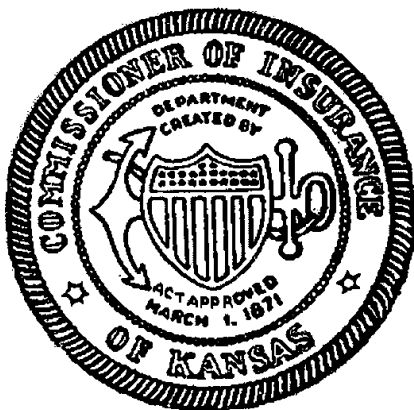
Coventry Health Care of Kansas, Inc., becoming a direct subsidiary of Coventry Health Care, Inc.

2. The Commissioner of Insurance retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action as necessary to dispose of this matter.

NOTICE OF RIGHT TO JUDICIAL REVIEW

Coventry Health Care, Inc., has the right to judicial review in accordance with the provisions set forth in the Act for Judicial Review and Civil Enforcement of Agency Actions (K.S.A. 77-601, et seq., as amended). If Coventry Health Care, Inc., wishes to appeal this decision, they must file a petition for judicial review after exhausting all administrative remedies available in this matter within 30 days. Your written petition for judicial review shall be served upon: Sandy Praeger, Commissioner of Insurance, Kansas Insurance Department, 420 SW 9th Street, Topeka, Kansas, 66612-1678.

IT IS SO ORDERED THIS 8th DAY OF AUGUST 2003, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



_____/s/ Sandy Praeger_____
Sandy Praeger
Commissioner of Insurance
BY:

_____/s/ John Campbell_____
John Campbell
General Counsel