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L.L.P.

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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SAN FRANCISCO

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TELEX: 471067

WRITER'S DIRECT DIAL

(415) 951-1169

E-MAIL ADDRESS: TMFITZGE@LLGM.COM

LONDON
(A LONDON-BASED
MULTINATIONAL PARTNERSHIP)

PARIS

BRUSSELS

MOSCOW

RIYADH
(AFFILIATED OFFICE)

TASHKENT

BISHKEK

ALMATY

BEIJING

June 11, 2001

VIA OVERNIGHT DELIVERY

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-06/12/01--01061--003
*****52.50 *****52.50

Amendment Section
Division of Corporations
Florida Department of State
P.O. Box 6327
Tallahassee, Florida 32314

Re: Foundation Health Systems Life & Health Insurance Company -
Redomestication

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
01 JUN 12 PM 9:23

Dear Sir or Madam:

Foundation Health Systems Life & Health Insurance Company ("FHSLHIC"), an insurer authorized to do business in Florida, has redomesticated from Colorado to California effective May 2001. In that connection, enclosed is a application for an amendment to FHSLHIC's authorization to transact business in Florida, along with a certified copy of the new articles of incorporation.

Please send a certified copy of the amendment and a certificate of status to me at the above address. Enclosed is a check for \$52.50 payable to the Department of State in payment of the filing fee and the fee for the certified copy and certificate of status.

Please call me at (415) 951-1169 if you have any questions or if you need anything further. Thank you for your assistance.

Very truly yours,

Theresa M. Fitzgerald
Theresa M. Fitzgerald

Enclosures

cc: Bruce R. Anderson

SF 155229.1 00608 00526

V. SHEPARD JUN 15 2001

*Amend.
(New Jurisdiction)*

PROFIT CORPORATION
APPLICATION BY FOREIGN PROFIT CORPORATION TO FILE AMENDMENT TO
APPLICATION FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA
(Pursuant to s. 607.1504, F.S.)

SECTION I
(1-3 MUST BE COMPLETED)

FILED STATE
SECRETARY OF CORPORATIONS
01 JUN 12 AM 9:23

1. Foundation Health Systems Life & Health Insurance Company
Name of corporation as it appears on the records of the Department of State.
2. Colorado Incorporated under laws of
3. June 9, 1975 Date authorized to do business in Florida

SECTION II
(4-7 COMPLETE ONLY THE APPLICABLE CHANGES)

4. If the amendment changes the name of the corporation, when was the change effected under the laws of its jurisdiction of incorporation? _____

5. _____
Name of corporation after the amendment, adding suffix "corporation" "company" or "incorporated," or appropriate abbreviation, if not contained in new name of the corporation.

6. If the amendment changes the period of duration, indicate new period of duration.

New Duration

7. If the amendment changes the jurisdiction of incorporation, indicate new jurisdiction.

California
New Jurisdiction

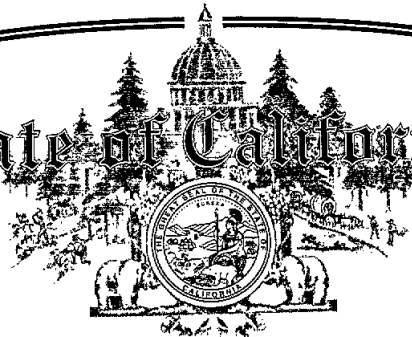
B Anderson
Signature

6/4/01
Date

Bruce R. Anderson
Typed or printed name

Associate Vice President -
Title Operations

State of California



SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 26 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

MAY 29 2001



Bill Jones

Secretary of State

9153421

FILED
In the office of the Secretary of State
of the State of California

INSURER

STATEMENT AND DESIGNATION
BY FOREIGN CORPORATION

MAR 03 1999
Bill Jones
BILL JONES, Secretary of State

Foundation Health Systems Life & Health Insurance Company
(Name of Corporation)

_____, a corporation organized and existing under the
laws of Colorado, makes the following statements and designation:
(State or Place of Incorporation)

- * 1. The address of its principal executive office is 317 N. Main Street, Pueblo, CO 81003
- * 2. The address of its principal office in the State of California is _____
- 3. This corporation will be subject to the California Insurance Code as an insurer.

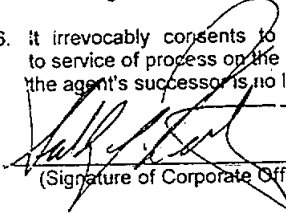
DESIGNATION OF AGENT FOR SERVICE OF PROCESS IN THE STATE OF CALIFORNIA
(Complete Either Item 3 or Item 4)

- * 4. (Use this paragraph if the process agent is a natural person.)
_____, a natural person residing in the State of
California, whose complete address is _____
_____, is designated as agent upon whom process directed
to this corporation may be served within the State of California, in the manner provided by law.

- 5. (Use this paragraph if the process agent is a corporation.)
CT Corporation System, a corporation organized and existing
under the laws of Delaware, is designated as agent upon whom process
directed to this corporation may be served within the State of California, in the manner provided by
law.

NOTE: Corporate agents must have complied with Section 1505, California Corporations Code, prior to designation.

- 6. It irrevocably consents to service of process directed to it upon the agent designated above, and to service of process on the Secretary of State of the State of California if the agent so designated or the agent's successor is no longer authorized to act or cannot be found at the address given.



(Signature of Corporate Officer)

Gerald J. Kertesz, President & COO
(Typed Name and Title of Officer Signing)

*DO NOT USE A POST OFFICE BOX ADDRESS



STATE OF COLORADO

DEPARTMENT OF
STATE

CERTIFICATE

I, VICTORIA BUCKLEY, SECRETARY OF STATE OF THE STATE OF
COLORADO HEREBY CERTIFY THAT ACCORDING TO THE RECORDS OF
THIS OFFICE.

FOUNDATION HEALTH SYSTEMS LIFE AND HEALTH
INSURANCE COMPANY
(COLORADO INSURANCE CORPORATION)

FILED ARTICLES OF INCORPORATION ON DECEMBER 19, 1975.

Dated: January 21, 1999

Victoria Buckley

SECRETARY OF STATE

Nº 6739

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
SAN FRANCISCO

Amended

Certificate of Authority

THIS IS TO CERTIFY, That, pursuant to the Insurance Code of the State of California,

Foundation Health Systems Life & Health Insurance Company

of Pueblo, Colorado, organized under the
laws of Colorado, subject to its Articles of Incorporation or
other fundamental organizational documents, is hereby authorized to transact within this State,
subject to all provisions of this Certificate, the following classes of insurance:

Life and Disability

as such classes are now or may hereafter be defined in the Insurance Laws of the State of California.

THIS CERTIFICATE is expressly conditioned upon the holder hereof now and hereafter being in
full compliance with all, and not in violation of any, of the applicable laws and lawful requirements

made under authority of the laws of the State of California as long as such laws or requirements are in effect and applicable, and as such laws and requirements now are, or may hereafter be changed or amended.

IN WITNESS WHEREOF, effective as of the 8th day
of September, 1998, I have hereunto set
my hand and caused my official seal to be affixed this 8th
day of September, 1998.



By

Victoria S. Sidbury
Victoria S. Sidbury
Deputy
Chuck Quackenbush
Insurance Commissioner

NOTICE: Qualification with the Secretary of State must be accomplished as required by the California Corporations Code promptly after issuance of this Certificate of Authority. Failure to do so will be a violation of Ins. Code Sec. 701 and will be grounds for revoking this Certificate of Authority pursuant to the covenants made in the application therefor and the conditions contained herein.

287

FHS

Foundation Health Systems, Inc.

Corporate Legal Department

November 30, 1998

Joni J. Hollomon
Corporation Documents Examiner
California Secretary of State
PO Box 944260
Sacramento, CA 94244-2600


Re: Qualmed Health & Life Insurance Company
Corporate No. 1603701
Redomestication/Name Change
**CONSENT TO USE NAME: Foundation Health Systems Life & Health
Insurance Company**

Dear Ms. Hollomon,

As President and CEO of Foundation Health Systems, Inc., I hereby give the corporation's approval for Qualmed Health & Life Insurance Company to use the similar name of Foundation Health Systems Life & Health Insurance Company. Foundation Health Systems, Inc. The corporation will not use the similarity in names as a defense in any lawsuit, should one arise. Foundation Health Systems, Inc., accepts the condition that this consent and commitment are irrevocable and unconditional.

If you have any questions or require any further clarification, do not hesitate to contact me at 800/474-6676.

Sincerely,


Jay M. Gellert
President & CEO

JMG:cjt

Resub
LEBOEUF, LAMB, GREENE & MACRAE
 L.L.P.

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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- SAN FRANCISCO

FILED
 In the office of the Secretary of State
 of the State of California
MAY 11 2001

Bill Jones
 BILL JONES, Secretary of State

- PARIS
- BRUSSELS
- MOSCOW
- RIYADH (AFFILIATED OFFICE)
- TASHKENT
- BISHKEK
- ALMATY
- BEIJING

2156421

May 10, 2001

VIA FEDERAL EXPRESS

Mr. Bradley J. Norris
 Staff Counsel
 Legal Review Unit
 Office of the California Secretary of State
 1500 - 11th Street
 Sacramento, California 95814

T#	<i>0644187</i>		COUNTER
DOC	<i>amt</i>	S/N	CLASS
STATE			NA C/P
T/D	A/S	NEED TX CL	EXP <i>3-09</i>
COPIES RECD	<i>0</i>	PB	CERTIFY <i>0</i> PGS
CF	GS	AMT RECD	<i>600</i> INITIALS <i>da</i>

Re: Foundation Health Systems Life & Health Insurance Company
 Corporate Number C2156421 *CO OK*

Dear Mr. Norris:

We represent Foundation Health Systems Life & Health Insurance Company ("FHSLHIC"), a corporation originally incorporated in Colorado and in the process of redomesticating to California. On March 1, 2001, FHSLHIC submitted for filing with the California Secretary of State FHSLHIC's Articles of Incorporation (Redomestication), along with checks for \$100 (filing fee) and \$15 (~~over the counter~~ processing fee), a certificate of surrender of the right to transact intrastate business, a tax clearance certificate, a no-objection letter from the Colorado Insurance Division, an approval letter from the California Department of Insurance, a California Certificate of Authority, and notification of the insurer's intent to redomesticate (the "Supporting Documents"). *red to client*

The above-referenced documents were returned unfiled to our offices together with your correspondence dated April 16, 2001 setting forth the bases for the Secretary of State's rejection of the documents. We provide this correspondence pursuant to California Corporations

Code Section 110(b).¹ Based upon the following analysis, it is our opinion that the transfer of FHSLHIC's state of incorporation from Colorado to California by filing the Articles of Incorporation (Redomestication) and the Supporting Documents conforms to the law and that the California Secretary of State should accept FHSLHIC's Articles of Incorporation (Redomestication) and the Supporting Documents for immediate filing.

In its April 16, 2001 correspondence, the Secretary of State expressed the view that the Corporations Code does not specify a procedure for insurers to redomesticate to California, providing instead only for redomestication of a California-domiciled insurer to another state. The Secretary of State indicated that FHSLHIC may accomplish a redomestication to California only by following one of two procedures: 1) merger with a newly formed California corporation, or 2) withdrawal of the foreign corporation concurrent with the filing of articles of incorporation for a new California corporation. Neither of these procedures, however, accomplishes the redomestication of an insurer as provided under the Insurance Code because they do not permit the continuation of the existing insurance corporation.

Prior to the enactment of specific redomestication statutes, an insurance company seeking to change its corporate domicile was generally required to form a new company in the new jurisdiction, obtain a certificate of authority to transact insurance from the new domiciliary regulator, and thereafter merge the existing insurance company seeking to redomesticate into the newly created company. When the legal existence of the redomesticating insurer terminated as a result of the merger of the redomesticating insurer with a new corporation,² all of the redomesticating insurer's licenses and permits also terminated, thereby requiring the surviving corporation to replace all the licenses previously held by the redomesticating insurer. The redomestication by merger process was often long and expensive and proved to be extremely unwieldy when an insurance company was merely seeking to change its state of domicile.³

¹ Corporations Code section 110(b) provides for resubmission of an instrument to the Secretary of State accompanied by a written opinion of a member of the bar stating that "the specific provision of the instrument objected to by the Secretary of State does conform to law and stating the points and authorities upon which the opinion is based." The Secretary of State is required to rely on this written opinion with respect to any disputed point of law. *Id.* The Legislative Committee Comments state that this provision specifies a procedure for "timely resolution of disputes concerning whether various provisions in submitted instruments conform to law." Report of the Assembly Select Committee on the Revision of the Corporations Code, December 1, 1975, at 20.

² Corporations Code section 1107 provides that upon the merger of two corporations, the separate existence of the disappearing corporation ceases.

³ Creation of a new California corporation and withdrawal of the existing foreign corporation (as distinct from a merger) as suggested by the Secretary of State also would not result in the continuing existence of the foreign corporation. The new corporation would not have the assets and liabilities of the foreign corporation, including its capital and surplus, licenses and permits, and dissolution of the foreign corporation could trigger significant and adverse tax and regulatory consequences. Accordingly, withdrawal of the foreign corporation and creation of a new California corporation would not accomplish a redomestication as contemplated by the California Insurance Code.

In enacting Insurance Code provisions authorizing redomestication of insurers, both houses of the California Legislature recognized that under the then-existing law, this merger process had been required in California:

For an insurer to redomesticate (move its principle [sic] place of business) to California, the insurer would have to form and license a new corporation (even presuming the insurer is currently admitted to write insurance in California), and merge the old insurer into the new insurer. This process requires two applications -- a Certificate of Authority application and a 1011(c) merger application.

Senate Rules Committee, Office of Senate Floor Analyses, A.B. 1717, August 27, 1993, at 1; Digest from the Assembly Committee on Finance, Insurance and Public Investment, A.B. 1717, April 20, 1993, at 1.

To address the problems inherent in the merger procedure, in 1980 the National Association of Insurance Commissioners adopted the Model Redomestication Act that provided a simplified procedure to effect a change of domicile (the "Model Act"). The Model Act was enacted in California as Insurance Code section 709.5 ("Section 709.5") upon passage of Assembly Bill 1717 in 1993. Section 709.5 permits a foreign insurer "to become a domestic insurer by designating its principal place of business at a place in this state." Cal. Ins. Code § 709.5(a). In a redomestication approved by the insurance regulators, the certificates of authority and other licenses and permits and all outstanding insurance policies remain in full force and effect after the insurer transfers its corporate domicile. Cal. Ins. Code § 709.5(c). Section 709.5 also provides "the exclusive means for an admitted insurer to change its domicile to, or transfer its domicile from, this state." Cal. Ins. Code § 709.5(e).

Assembly Bill 1717 was specifically intended by the Legislature to simplify and streamline the merger procedure. "This legislation will make it easier for an insurer to relocate its principal place of business *both into and out of California.*" Senate Rules Committee, Office of Senate Floor Analyses, Aug. 27, 1993, at 2 (emphasis added); Digest from the Assembly Committee on Finance, Insurance and Public Investment, Apr. 20, 1993, at 2 (emphasis added). The Assembly Ways and Means Committee noted, "[t]his bill revises and streamlines existing procedures used by insurance companies when transferring their principal place of business *to or from California.*" Assembly Ways and Means Committee Analysis, May 12, 1993, at 1 (emphasis added). Even the Governor of California in his Signature Message noted that "[t]his bill streamlines the process by which insurers change their state of incorporation." Assembly Journal, Governor's Signature Message, Oct. 5, 1993, at 4750.

The legislative history of Assembly Bill 1717 makes clear that the Legislature intended to "streamline existing procedures" which under then-current law required merger. To effectuate that goal, the Legislature intended that the existing merger procedure be eliminated. In the effort to meet this goal, the Senate Rules Committee commented that "[t]he bill . . . allows domestic insurers of reciprocal states (other states that have adopted the act) to redomesticate *in*

or out of California simply by changing their articles of incorporation and complying with all the requirements relative to a domestic insurer." (Emphasis added.) Senate Rules Committee, Office of Senate Floor Analyses, Aug. 27, 1993 at 1.

Furthermore, the Senate Rules Committee recognized that Section 709.5 "[p]rovides the exclusive means for an admitted insurer to change its domicile to, or transfer its domicile from, this state." Senate Rules Committee, Office of Senate Floor Analyses, Aug. 27, 1993, at 2 (emphasis added). This principle of exclusivity is also supported by California Insurance Code section 1140. This statute provides that, "[e]xcept as otherwise provided in this code, incorporated insurers are subject to the provision of the general corporation law in like manner with other corporations." Cal. Ins. Code § 1140. Because redomestication in California is governed by the specific provisions of Section 709.5, redomestication is excepted from the general corporations law by virtue of Insurance Code section 1140. Accordingly, because Section 709.5 does not require a merger for a redomestication to California, such a requirement cannot be read into the Corporations Code.

The conclusion that an insurer may redomesticate merely by filing a change to its articles of incorporation without merging or otherwise dissolving its corporate existence was confirmed in subsequent legislation amending Section 709.5 and adding provisions to the Corporations Code in an attempt to clarify the redomestication procedure. Stats. 1995 ch. 702 (S.B. 455). These provisions require the Secretary of State to file a certificate of redomestication if the Insurance Commissioner has approved the redomestication under Section 709.5. Cal. Corp. Code § 201.6. The Corporations Code defines "redomestication" as "the transfer of an insurer's place of incorporation from another state to this state or from this state to another state." Cal. Corp. Code § 180.5 (emphasis added). Senate Bill 455 makes it abundantly clear and expressly states that the requirement that the Secretary of State file a certificate of redomestication is declaratory of existing law, recognizing that Section 709.5 as originally enacted was sufficient authority for a redomestication filing with the Secretary of State. Stats. 1995, ch. 702 § 5.⁴ Not only does Senate Bill 455 contain no indication, either express or implied, of an intent to restrict redomestication into California, but the report of the Senate Committee on Insurance specifically states that supporters of Senate Bill 455 indicated that the bill would facilitate the movement of insurers into California. Digest from the Senate Committee on Insurance Senate Bill 455, April 15, 1995; see also, Assembly Policy Committee Republican Analysis, Senate Bill 455, July 9, 1995.

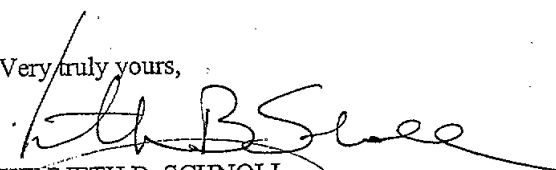
The Legislature is not presumed to have performed an idle act (Stafford v. Realty Bond Service Corp., 39 Cal.2d 797, 805 (1952), Wells Fargo Bank v. Goldzband, 53 Cal.App.4th

⁴ This provision was included in the legislation despite arguments by the Secretary of State that it was incorrect to state that the bill is declaratory of existing law because the previous redomestication legislation involved only Insurance Code provisions, addressing redomestication only for insurance regulatory purposes, and did not limit the Secretary of State's authority to review transfers of corporate domicile. See, Analysis from the Senate Committee on Insurance, S.B. 455, April 15, 1995; Senate Floor Analysis from the Senate Rules Committee, S.B. 455, April 17, 1995.

596, 617 (1997)), nor did it do so in enacting Section 709.5. A statute should be interpreted and implemented to comport most closely with the intent of the Legislature, with a view to promoting rather than defeating the general purpose of the statute and to avoid interpretation that would lead to absurd and unintended consequences. Los Angeles Lincoln Place Investors, Ltd. v. City of Los Angeles, 54 Cal.App.4th 53, 65-66 (1997), Maryland Casualty Company v. Andreini & Company of Southern California, 81 Cal.App.4th 1413, 1420 (2000). Moreover, a statute may not be construed in a manner that renders its provisions essentially nugatory or ineffective, particularly when that interpretation would frustrate the underlying legislative purpose. People v. Carter, 48 Cal.App.4th 1536 (1996). Under these principles, Section 709.5 and the subsequent amendments to the Corporations Code relating to redomestication of insurers must be interpreted to permit an insurer to accomplish a redomestication by changing its articles of incorporation as approved by the Department of Insurance rather than through a process that requires termination of the existing corporation. Refusal to accept such a redomestication filing would frustrate the legislative purpose by requiring insurers redomesticating to California to engage in the cumbersome merger or dissolution process that the Legislature explicitly sought to eliminate when it enacted Section 709.5 and Corporations Code sections 156.5, 180.5, and 201.6.

For the aforementioned reasons, it is our opinion that the transfer of FHSLHIC's state of incorporation from Colorado to California by filing the Articles of Incorporation (Redomestication) and the Supporting Documents conforms to the law and that the California Secretary of State should accept FHSLHIC's Articles of Incorporation (Redomestication) and Supporting Documents attached hereto for immediate filing as required by subparagraph (b) of Corporations Code section 110.

Very truly yours,



KENNETH B. SCHNOLL

California State Bar #101932

Enclosures

cc: Franklin Tom
Steve Sickle
Susan Stapp



BILL JONES
Secretary of State
State of California

April 16, 2001

Theresa M. Fitzgerald
Leboeuf, Lamb, Greene & MacRae
One Embarcadero Center
San Francisco, CA 94111

RE: FOUNDATION HEALTH SYSTEMS LIFE & HEALTH INSURANCE COMPANY
C2156421

We are returning, unfiled, the Articles of Incorporation (Redomestication) along with accompanying documents which you submitted on behalf of the above-referenced corporation and your checks in the amounts of \$100.00 and \$15.00. The reasons for not filing these documents are set forth below.

You have submitted for filing a document entitled "Articles of Incorporation (Redomestication)". The document indicates that these Articles are for an "existing Colorado corporation" and made "pursuant to the provisions of Section 709.5 of the California Insurance Code and Section 156, 180.5, and 201.6 of the California Insurance Code". (Note that the reference to Corporations Code section "156" is probably intended to instead be a reference to section "156.5", which defines "Certificate of Redomestication".) The document further indicates that Foundation Health Systems Life & Health Insurance Company, a corporation organized under the laws of the State of Colorado, for purposes of continuing its existence, without interruption, is electing to become redomesticated and reincorporated as a California corporation. The document also states: "Upon the taking effect of these Articles of Incorporation, the Corporation shall be and continue to be possessed of all rights, privileges, franchises, and powers to the same extent as if it had been originally incorporated under the laws of the State of California, and all rights, privileges, franchises and powers belonging to the Corporation, and all property, real, personal, and mixed, all debts due on whatever account, all certificates of authority, agent appointments, outstanding insurance policies, capital structure, and all choses in action, shall be and the same are hereby ratified, approved, confirmed, and assured to the Corporation with like effect and to all intents and purposes as if it had been originally incorporated under the laws of the State of California." In addition, one of the documents accompanying the Articles of Incorporation (Redomestication) is a "Notice of Intent to Redomesticate" in which Foundation Health Systems Life & Health Insurance Company provides notice to the Secretary of State pursuant to California Insurance Code section 709.5(d) of the corporation's intent to "redomesticate to the State of California.

For the reasons discussed below, this corporate "redomestication" filing whereby a Colorado insurance corporation attempts to continue its corporate existence as a California corporation is not authorized under California corporate filing law. California Insurance Code section 709.5 and California Corporations Code sections 156.5, 180.5 and 201.6 do not, in fact, provide legal authority for making corporate "redomestication" filings with the California Secretary of State for

"In California, the Secretary of State means business."

the purpose of redomesticating a foreign (non-California) insurance corporation to California with continuity of corporate existence.

1993 Legislation – California Insurance Code Section 709.5

The California Secretary of State's Office has reviewed extensively the legislation (Stats. 1993, c. 810, A.B. 1717) which originally enacted Insurance Code section 709.5. It is our conclusion that Section 709.5 as enacted in 1993 related only to insurance regulation-related approvals of a change of insurance company domicile by the California Insurance Commissioner. Section 709.5 as enacted in 1993 made no changes with respect to the corporate filings with the California Secretary of State in order for an insurance company to change its corporate domicile. The 1993 legislation did not provide any authority for filing "Articles of Redomestication" (or a similar document) with the California Secretary of State as a means of changing corporate domicile or for the recognition by the Secretary of State of a redomestication of a corporate entity from one state to another state with continuity of corporate existence.

The Secretary of State always requires specific statutory authority for any corporate filing with our office. The statutory authority must reference the filing of a particular document with the Secretary of State, the required content of the filing, and the legal consequences of the filing. See, for example, the specific statutory authority for the filing of Articles of Incorporation (Corporations Code sections 200 et seq.), Certificates of Amendment of Articles of Incorporation (Corporations Code sections 900 et seq.), Mergers (Corporations Code sections 1100 et seq.), and Dissolutions (Corporations Code sections 1900 et seq.). Specific statutory authority is provided for corporate filings even when such authority is contained in statutes outside the Corporations Code. See, for example, the statutory authority for various corporate filings made by financial institutions as contained in the California Financial Code. In contrast, the 1993 legislation enacting Insurance Code section 709.5 never mentioned corporate filings with the California Secretary of State and did not provide any specific authority for filing "redomestication" documents with our office.

Furthermore, the language of Insurance Code section 709.5 as enacted in 1993 was based upon a Model Redomestication Act adopted by the National Association of Insurance Commissioners ("NAIC"). We have examined the legislative history of the Model Redomestication Act before the NAIC task force which developed the Model Redomestication Act and determined that the Act was clearly intended to deal only with insurance-related approvals of insurance company change of domicile and not with matters of corporate existence. The Proceedings of the NAIC reference the fact that the Model Redomestication Act task force had before it two distinct draft versions of the Act – one from the American Council of Life Insurers (the "industry draft") which specifically provided for the redomestication of the corporate entity and continuation of corporate existence and one from the task force itself which did not specifically provide for matters of corporate existence. The Proceedings of the NAIC state the following:

"When comparing the two drafts, it became clear that a major difference was that the industry draft allowed a company to redomesticate without going through the normal merge or consolidation process. After substantial discussion, it was decided that insurance companies should be treated in the same manner from the standpoint of their corporate existence as any other entity. Therefore, a merger or consolidation would still be required to redomesticate but the main purpose of the NAIC model would be to facilitate departmental approval of forms, filings and rates, etc. The consensus of the task force was to confine its efforts to facilitating insurance-related approvals and not treat matters of purely corporate existence."

Therefore, it is very clear that the Model Redomestication Act, upon which California Insurance Code section 709.5 was based, was not intended to provide for matters of corporate existence but rather was intended to have the narrower scope of providing only for insurance-related approvals.

1995 "Certificate of Redomestication" Legislation

Subsequent to the 1993 enactment of Insurance Code section 709.5, supplemental legislation (Stats. 1995, c.702, S.B. 455) was enacted to provide for the filing of certain "Certificates of Redomestication" with the California Secretary of State. The legislation added California Corporations Code sections 156.5, 180.5, and 201.6 and amended California Insurance Code section 709.5. Together, these statutory changes provided adequate legal authority for a corporate insurer redomesticating for insurance-related purposes under Insurance Code section 709.5 to also make a redomestication filing with the California Secretary of State for purposes of changing corporate domicile; however, as the 1995 legislation was enacted it only provided this authorization for a corporate redomestication where the insurance corporation was originally incorporated in California and was redomesticating from California to another state. The 1995 legislation did not provide authorization for an insurance corporation to file "Articles of Redomestication" (or a similar document) with the California Secretary of State to redomesticate the corporate entity from another state to California.

In the 1995 legislation, Corporations Code section 180.5 defined the term "redomestication" broadly to mean "the transfer of an insurer's place of incorporation from another state to this state or from this state to another state". However, Corporations Code section 156.5 defined "Certificate of Redomestication" as "the document by which the appropriate official of another state approves the redomestication of a California insurer" (meaning the corporation must be a California insurer going into the redomestication). Furthermore, Corporations Code section 201.6, which was the primary corporate filing statute in the 1995 legislation, stated: "The Secretary of State shall file the certificate of redomestication of an insurer for which articles of incorporation have previously been filed if the Insurance Commissioner has approved the redomestication under Section 709.5 of the Insurance Code." Only in the case of an existing California corporation redomesticating to another state would "articles of incorporation have previously been filed" with the Secretary of State for the corporation. See also the definition of "filed" in Corporations Code section 169.

The bottom line is that the specific wording of the 1995 legislation only authorized insurance company redomestication filings from a corporate standpoint with the California Secretary of State where the redomestication was from California to another state (and not where the redomestication was from another state to California). This outcome is not totally surprising since the corporation proposing and advocating the enactment of the 1995 legislation was reportedly principally concerned with having specific legal authority for a corporate filing for an insurance company redomestication from California to another state.

Conclusion

The 1993 legislation and the 1995 legislation discussed above do not provide legal authority for filing "Articles of Redomestication" (or a similar document) with the California Secretary of State to redomesticate (with continuity of existence) an insurance corporation from another state to California. Therefore, we cannot accept the proposed "Articles of Incorporation (Redomestication)" with references to "redomesticating" the Colorado corporation to California

for the purposes of "continuing its existence, without interruption". The Articles of Incorporation (Redomestication) reference statutes – California Insurance Code section 709.5 and California Corporations Code sections 156, 180.5 and 201.6 – which do not in fact provide legal authority for this type of corporate redomestication filing (from another state to California).

Additional Comments

From a corporate filing standpoint, Foundation Health Systems Life & Health Insurance Company (a Colorado corporation) may elect to do one of the following under current California corporate filing laws:

1. File Articles of Incorporation for a new California corporation in accordance with Corporations Code sections 200 et seq. (without the references in the Articles to redomesticating the Colorado corporation) and then file a Merger to merge the Colorado corporation into the new California corporation. The Articles of Incorporation would need to be accompanied by the California Department of Insurance Certificate of Authority and Certificate of Name Approval for the new California corporation. The Merger document would need to be accompanied by a Tax Clearance Certificate from the California Franchise Tax Board for the Colorado corporation; or
2. File Articles of Incorporation for a new California corporation in accordance with Corporations Code sections 200 et seq. (without the references in the Articles to redomesticating the Colorado corporation) and simultaneously file a Certificate of Surrender of Right to Transact Intrastate Business for the Colorado corporation. The Articles of Incorporation would need to be accompanied by the California Department of Insurance Certificate of Authority and Certificate of Name Approval for the new California corporation. The Certificate of Surrender would need to be accompanied by a Tax Clearance Certificate from the California Franchise Tax Board for the Colorado corporation.

Note that the Articles of Incorporation must be signed by an incorporator (or incorporators) or initial directors as provided in Corporations Code section 200. The Articles of Incorporation should not be signed by the "President" and "Secretary" since a new corporation does not have officers until after the filing of the Articles of Incorporation.

Bradley J. Norris

BRADLEY J. NORRIS
Staff Counsel
Legal Review Unit
(916) 653-6244

BJN:rs
Encl.

February 27, 2001

The Honorable Bill Jones
California Secretary of State
Division of Corporate Filing and Services
1500 11th Street
Sacramento, CA 95814

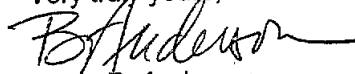
Attention: Bradley J. Norris, Esq.

Re: Foundation Health Systems Life & Health Insurance Company - Notice of Intent
to Redomesticate

Dear Mr. Norris:

Foundation Health Systems Life & Health Insurance Company (the "Corporation") hereby provides notice to the California Secretary of State pursuant to California Insurance Code Section 709.5(d) of the Corporation's intention to redomesticate to the State of California. In accordance with California Insurance Code section 709.5(d), the Corporation will file a designation of an agent for service of process upon completion of the redomestication.

Very truly yours,



Bruce R. Anderson
AVP, Operations

DEPARTMENT OF REGULATORY AGENCIES

M. Michael Cooke
Executive Director



DIVISION OF INSURANCE

William J. Kirven III
Commissioner of Insurance
1560 Broadway, Suite 850
Denver, CO 80202

December 29, 2000

Bill Owens
Governor

Susan Stapp
California Insurance Department
45 Fremont St 24th Fl
San Francisco CA 94111

RE: Proposed Redomestication
Foundation Health Systems Life & Health Insurance Company

Dear Ms. Stapp:

Please be advised that Colorado has no objection to the redomestication of Foundation Health Systems Life & Health Insurance Company from the State of Colorado to the State of California.

In that the company will continue to have Colorado risks, we will require that the company qualify for continued licensure as a foreign insurer. Our understanding of the redomestication and the basis for this non-object letter is that there is no financial change to the company as a result of this redomestication process. Based upon our current knowledge of the company, they will continue to qualify for licensure.

If the plan of redomestication implies a financial impact to the company, please advise us before finalizing the process.

If I can be of any further assistance, please do not hesitate to contact me:

Sincerely,

JANET BYRNE

Assistant Commissioner of Financial Regulation

"The Mission of the Division of Insurance is Consumer Protection"

General Number: (303) 894-7499 / Consumer Complaints: (303) 894-7490 / Toll Free 1-800-930-3745 / FAX: (303) 894-7455

Producer Licensing/ASI: 1-800-275-8247 / V/TDD For the Deaf or Hearing Impaired: (303) 894-7880

<http://www.dora.state.co.us/insurance>

DEPARTMENT OF INSURANCE

Legal Division, Corporate Affairs Bureau

45 Fremont Street, 24th Floor
San Francisco, CA 94105Susan J. Stapp
Senior Staff Counsel
TEL: 415-538-4403
FAX: 415-904-5729
E-Mail: stapps@insurance.ca.gov

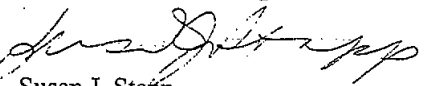
January 2, 2001

VIA FACSIMILE AND US MAIL (415) 951-1180Theresa M. Fitzgerald, Esq.
LeBoeuf, Lamb, Greene & MacRae
One Embarcadero Center
San Francisco, CA 94111SUBJECT: Application by Foundation Health Systems Life & Health Insurance
Company to Redomesticate from Colorado to California, effective
December 29, 2000, Assigned IDB#00-12046

Dear Ms. Fitzgerald:

This will confirm that the California Department of Insurance has granted tentative approval to the above referenced redomestication application. The approval is conditioned upon receiving consent to the redomestication from the Colorado Department of Insurance, as well as a certified copy of the company's amended Articles of Incorporation and Bylaws reflecting California as the corporation's new business address.

Very truly yours,


Susan J. Stapp
Senior Staff Counselcc: Cherry Ip, FAD
Nelia Yuzon, FAD

**CERTIFICATE OF SURRENDER OF RIGHT
TO TRANSACT INTRASTATE BUSINESS**

On behalf and by authority of Foundation Health Systems Life & Health Insurance
(Name of Corporation)

Company, a corporation organized

and existing under the laws of Colorado, the undersigned,
(State or Place of Incorporation)

Bruce R. Anderson, AVP, Operations
(Corporate Officer) (Title)

of said corporation does hereby certify and declare:

1. Said corporation hereby surrenders its right and authority to transact intrastate business in the State of California.
2. Said corporation hereby revokes its designation of agent for the service of process in California
3. Said corporation consents that process against it in any action upon any liability or obligation incurred within the State of California prior to the filing of this Certificate of Surrender of Right to Transact Intrastate Business may be served upon the Secretary of State of the State of California.
4. The post office address to which the Secretary of State may mail copies of any process against the corporation that is served upon the Secretary of State is

216⁵00 Oxnard Street, Woodland, Hills, California

B. Anderson
(Signature of Corporate Officer)

Bruce R. Anderson
AVP, Operations

(Typed Name and Title of Officer Signing)



PO BOX 1468
SACRAMENTO CA 95812-1468

TAX CLEARANCE CERTIFICATE

EXPIRATION DATE: March 15, 2001

February 23, 2001

CALIFORNIA LENDERS
1425 RIVER PARK DR STE 110
SACRAMENTO CA 95815-4523

ISSUED TO : FOUNDATION HEALTH SYSTEMS LIFE & HEALTH INSURANCE COMPANY
ENTITY ID : 2156421

This letter certifies that all taxes imposed under the Bank and Corporation Tax Law on this corporation have been paid or are secured by bond, deposit, or other security.

Please note the following:

- * A final tax return, if not already filed, is due two months and 15 days after the close of the month in which dissolution or withdrawal takes place. If the corporation was inactive prior to that date, attach a statement to the tax return giving the date it became inactive.
- * Filed tax returns remain subject to audit until the expiration of the statute of limitations.
- * If the corporation does not file the tax returns, we may issue additional assessments.

We sent a copy of this Tax Clearance Certificate to the Secretary of State. Please retain this letter for your records.

PLEASE NOTE: By the expiration date above, the corporation must file all documents required by the Secretary of State to dissolve, withdraw, or merge. If the corporation does not complete this process, it will remain subject to the filing requirements of the Bank and Corporation Tax Law.

To obtain these documents, please write to:

SECRETARY OF STATE
1500 11th St., 3rd Floor
SACRAMENTO, CA 95814-5701

You can also call them at (916) 657-5448 or access their website at
www.ss.ca.gov

February 23, 2001
CALIFORNIA LENDERS
ENTITY ID : 2156421
Page 2

Franchise Tax Board
Telephone (800) 852-5711

Tax Clearance Unit
Taxpayer Services Center
Telephone (800) 852-5711

COPY





TAX CLEARANCE CERTIFICATE

February 14, 2001

EXPIRATION DATE: March 15, 2001

CALIFORNIA LENDERS
1425 RIVER PARK DR STE 110
SACRAMENTO CA 95815-4523

ISSUED TO : FOUNDATION HEALTH SYSTEMS LIFE & HEALTH INSURANCE COMPANY
ENTITY ID : 2156421

THIS CERTIFICATE IS VALID ONLY UPON THE SIMULTANEOUS QUALIFICATION OF
FOUNDATION HEALTH SYSTEMS LIFE & HEALTH INSURANCE COMPANY.

This letter certifies that all taxes imposed under the Bank and
Corporation Tax Law on this corporation have been paid or are secured by
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Please note the following:

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February 14, 2001
CALIFORNIA LENDERS
ENTITY ID : 2156421
Page 2

Franchise Tax Board
Telephone (800) 852-5711

Tax Clearance Unit
Taxpayer Services Center
Telephone (800) 852-5711

COPY




STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE

San Francisco

I, HARRY W. LOW, Insurance Commissioner of the State of California, do hereby certify that on the date specified herein, the name **Foundation Health Systems Life & Health Insurance Company**, a California corporation, has been approved and reserved in California for a period of 90 days from the date herein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year specified below.

HARRY W. LOW
Insurance Commissioner

By 
Pamela D. Stefani
Deputy
February 22, 2001

A California corporation must attach this Certificate to its Articles of Incorporation (Amendment) filed with the California Secretary of State.

Note: This certificate does not authorize the subject entity to transact business in California unless and until a Certificate of Authority or license has been issued.

ARTICLES OF INCORPORATION
(REDOMESTICATION)
OF
FOUNDATION HEALTH SYSTEMS LIFE & HEALTH INSURANCE COMPANY
(An Existing Colorado Corporation)
PURSUANT TO THE PROVISIONS OF
SECTION 709.5 OF THE CALIFORNIA INSURANCE CODE AND SECTION 156,
180.5, AND 201.6 OF THE CALIFORNIA CORPORATIONS CODE

FOUNDATION HEALTH SYSTEMS LIFE & HEALTH INSURANCE COMPANY, a corporation organized under the laws of the State of Colorado (the "Corporation"), for the purpose of continuing its existence, without interruption, as a corporation organized under the laws of the State of California, does hereby elect, pursuant to California Insurance Code section 709.5 and California Corporations Code sections 156, 180.5, and 201.6, to become redomesticated and reincorporated as a California Corporation. Upon the taking effect of these Articles of Incorporation, the Corporation shall be and continue to be possessed of all rights, privileges, franchises, and powers to the same extent as if it had been originally incorporated under the laws of the State of California; and all rights, privileges, franchises and powers belonging to the Corporation, and all property, real, personal, and mixed, all debts due on whatever account, all certificates of authority, agent appointments, outstanding insurance policies, capital structure, and all choses in action, shall be and the same are hereby ratified, approved, confirmed, and assured to the Corporation with like effect and to all intents and purposes as if it had been originally incorporated under the laws of the State of California. Without limitation of the foregoing, the Corporation shall be given recognition as a domestic insurance company of the State of California for all purposes from and after the date of its initial authorization as an insurer under the laws of California.

For the purpose of setting forth its charter as a California corporation, the Corporation hereby adopts the following Articles of Incorporation:

ARTICLE I

The name of this Corporation is Foundation Health Systems Life & Health Insurance Company.

ARTICLE II

- a) The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.
- b) The business of the Corporation is to be an insurer, subject to the provisions of the California Insurance Code.

c) The Corporation is organized to transact any class of insurance specifically authorized by its California Certificate of Authority, which classes are as follows: Life and Disability.

ARTICLE III

The name and complete business address in the State of California of the Corporation's initial agent for service of process is: C T Corporation System.

ARTICLE IV

The Corporation is authorized to issue 5 shares of common stock of one class. The par value of each share is \$500,000.

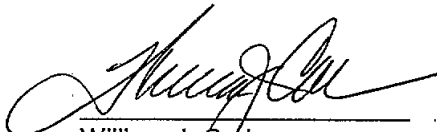
ARTICLE V

a) The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

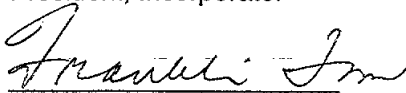
b) The Corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with agents, vote of shareholders or disinterested directors, or otherwise, to the fullest extent permissible under California law.

c) Any amendment, repeal or modification of any provision of this Article V shall not adversely affect any right or protection of an agent of this Corporation existing at the time of such amendment, repeal or modification.

IN WITNESS WHEREOF, the undersigned President and Secretary of Foundation Health Systems Life & Health Insurance Company have executed this instrument on this ~~32~~ day of February, 2001.



William J. Corba
President, Incorporator



Franklin Tom
Secretary, Incorporator

Amended
Certificate of Authority

THIS IS TO CERTIFY THAT, Pursuant to the Insurance Code of the State of California,

Foundation Health Systems Life & Health Insurance Company

of Woodland Hills, California, organized under the
laws of California, subject to its Articles of Incorporation or
other fundamental organizational documents, is hereby authorized to transact within the State, subject to
all provisions of this Certificate, the following classes of insurance:

Life and Disability

as such classes are now or may hereafter be defined in the Insurance Laws of the State of California.

THIS CERTIFICATE is expressly conditioned upon the holder hereof now and hereafter being in
full compliance with all, and not in violation of any, of the applicable laws and lawful requirements made
under authority of the laws of the State of California as long as such laws or requirements are in effect
and applicable, and as such laws and requirements now are, or may hereafter be changed or amended.

IN WITNESS WHEREOF, effective as of the 16th
day of February, 2001, I have hereunto
set my hand and caused my official seal to be affixed this
16th day of February, 2001.



Harry W. Low
Insurance Commissioner
Victoria S. Sidbury
Deputy

NOTICE:

Qualification with the Secretary of State must be accomplished as required by the California Corporations Code promptly after issuance of this Certificate of Authority. Failure to do so will be a violation of Insurance Code Section 701 and will be grounds for revoking this Certificate of Authority pursuant to the covenants made in the application therefor and the conditions contained herein.