ORGANIZATIONAL EXAMINATION

of the

SILVERSCRIPT INSURANCE COMPANY

RECEIVED
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Dept. Of Commerce & Insurance
Company Examinations

211 COMMERCE STREET, SUITE 800
NASHVILLE, TN

as of

November 30, 2005

DEPARTMENT OF COMMERCE AND INSURANCE

STATE OF TENNESSEE

NASHVILLE, TENNESSEE

EXHIBIT
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Nashville, Tennessee
May 3, 2006

Honorable Paula A. Flowers
Commissioner
State of Tennessee
Department of Commerce and Insurance
Nashville, Tennessee 37243

Dear Commissioner:

Pursuant to your instructions and in accordance with Tenn. Code Ann. § 56-2-103, a financial examination was made of the condition and affairs of the

SILVERSCRIPT INSURANCE COMPANY
211 COMMERCE STREET, SUITE 800
NASHVILLE, TN 37201

hereinafter and generally referred to as the "Company", and a report thereon is submitted as follows:

INTRODUCTION

This examination was called by the Commissioner of Commerce and Insurance of the State of Tennessee and commenced on February 3, 2006. The examination was the "Organizational Examination" and was conducted by a duly authorized representative of The Department of Commerce and Insurance, State of Tennessee.

SCOPE OF EXAMINATION

Upon payment by the Company of the application fee of $675 prescribed in Tenn. Code Ann. § 56-4-101, this examination was conducted as of November 30, 2005, to determine if the Company has complied with the statutory and regulatory requirements to be issued a Certificate of Authority to establish and operate a life insurance and accident and health insurance company according to the provisions of Tenn. Code Ann. § 56-2, Part 1.

COMPANY HISTORY AND ORGANIZATION

The Company was incorporated on May 11, 2005, under the Tennessee Business Corporation Act as a for-profit corporation authorized to transact business in the State of Tennessee. The Charter and Bylaws are discussed in detail in this report under the caption "CHARTER AND BYLAWS."

On May 11, 2005, the Initial Shareholder (SilverScript, Inc.) and the Board of Directors acted by "Unanimous Written Consent" to approve the following resolutions and actions:

- Elect the Directors and Officers of the Company.
- The territory in which the Company shall operate as a health insurance company or other related entity shall include any state, territory or dependency of the United States.
- Approve the Charter and Bylaws of the Company.
- Authorize the officers to take necessary actions and execute all documents necessary for the Company to become licensed under the provisions of the laws of the State of Tennessee.
- Authorize the officers of the Company to open bank accounts in the name of the Company.
- Authorize the acceptance of subscription by SilverScript, Inc., for two million seven hundred fifty thousand (2,750,000) shares of one dollar ($1.00) par value common stock for ten dollars ($10.00) per share, totaling twenty-seven million five hundred thousand dollars ($27,500,000.00).
- Authorize actions to execute necessary documents in order to obtain the minimum capital and surplus required by law.
- Authorize entering into any and all agreements necessary for the Company to commence transacting the business of insurance in Tennessee and any other state, territory or dependency of the United States and to transact such business after the Company obtains its Certificate of Authority from the Commissioner of Commerce and Insurance, State of Tennessee.
- Authorize entering into one or more agreements with one or more qualified insurance investment managers to invest all or part of the assets of the Company. Such manager or managers shall be directed to invest such assets only in investments that satisfy the requirements of applicable investment laws

and rules for insurance companies licensed similarly to the Company and only in accordance with such investment guidelines as may be communicated by the Board of Directors from time to time.

Funding of the Company was completed in June, 2005, in accordance with the subscription agreement with SilverScript, Inc., as outlined.

CHARTER AND BYLAWS

Charter:

The Charter of the Company was filed and recorded with the Tennessee Secretary of State on May 11, 2005, after having been approved by The Department of Commerce and Insurance, State of Tennessee on May 11, 2005. Said Charter establishes and sets forth the following:

1. The name of the Company shall be SilverScript Insurance Company.

2. The Company shall be formed as a for-profit stock insurance company under Tennessee law and shall have perpetual duration.

3. The initial registered office of the Company shall be:

   c/o Corporation Services Company
   2908 Poston Avenue
   Nashville, Tennessee 37203

   The initial registered agent of the Company shall be:

   Corporation Services Company

4. The name and address of the incorporator is:

   Denise Sommer
   211 Commerce Street, Suite 800
   Nashville, Tennessee 37201

5. The home office and principal place of business of the Company is:

   211 Commerce Street, Suite 800
   Nashville, Tennessee 37201

6. The purpose of the Company is to engage in the business of insurance as a principal. The kinds of insurance the Company shall be formed to transact are accident and health and life insurance, as such terms are defined under applicable Tennessee law, and to engage in any other lawful business under the laws of the State of Tennessee.

7. The Company shall be a stock insurance company and shall be authorized to issue ten million (10,000,000) shares of capital stock, par value one dollar ($1.00) per share (the "Stock"). No incorporators have subscribed for any shares of the Stock. The shareholders of the Company shall not have preemptive rights.

8. To the fullest extent permitted by the Tennessee Business Corporation Act as in effect on the date hereof and as hereafter amended from time to time, a director of the Company shall not be liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director.

   Any repeal or modification of this Paragraph 8 by the shareholders of the Company shall not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification or with respect to events occurring prior to such time; provided, however that nothing herein shall diminish liability of a director of the Company under Title 56, Tennessee Code Annotated.

   If the Tennessee Business Corporation Act or any successor statute is amended after adoption of this provision to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the Tennessee Business Corporation Act, as so amended from time to time.

   In the event that any of the provisions of this Article (including any provision within a single sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, the remaining provisions are severable and shall remain enforceable to the fullest extent permitted by law.

Bylaws:

The Bylaws of the Company in effect at November 30, 2005, have not been amended or changed during the period covered by this examination. The Bylaws are such as those generally found in corporations of this type and contain no unusual provisions.

An annual meeting of the shareholders of the Company shall be held at such time and place, either within or without the State of Tennessee, as may be designated from time to time by the Board of Directors within thirteen (13) months subsequent to the last annual meeting.

Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Charter, may be called by the President and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of shareholders owning at least ten percent (10%) of all votes entitled to be cast on any issue proposed to be considered at the proposed special meeting. Such request shall state the purpose or purposes of the proposed meeting.

The business and affairs of the Company shall be managed under the direction of a Board of Directors. The number of directors shall be no less than three (3) members or nor more than fifteen (15). They shall be elected by a majority of the votes cast at the annual meetings of the shareholder or at a special meeting for that purpose.

The Board of Directors may hold regular or special meetings either within or without the State of Tennessee. A majority of the directors shall constitute a quorum. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Company.

The officers for the Company shall include President, Vice-President, Secretary, Treasurer and such other officers as the Board of Directors shall from time to time deem necessary and if elected by the shareholders at any annual or special meeting, a Chairman of the Board. One person may hold any two (2) or more principal offices except the office of President and Secretary.

MANAGEMENT AND CONTROL

Management:

The Bylaws of the Company provide that all corporate powers shall be exercised by or under the authority of and the business and affairs of the Company managed under the direction of the Board of Directors. As of November, 2005, the Board of Directors of the Company was composed of the following:

James Christian Luthin
Richard P. Scardina
Denise Ceule Sommer

As of November 30, 2006, the following persons held office in the Company:

Todd Ryan Rooker	President
Brian James Januzik	Vice President
Charles D. Krause	Secretary/Treasurer
Michele Wugalter Buchanan	Assistant Secretary

Control:

The Company is a one hundred percent (100%) owned subsidiary of SilverScript, Inc., which is a one hundred percent (100%) owned subsidiary of Caremark Rx, Inc. (a publicly traded Delaware corporation). The ultimate parent corporation, Caremark Rx, Inc., is a pharmacy benefit management company that supplies pharmacy benefit management services to sponsors of health benefit plans and employers.

A holding company organizational chart is included at the last page of this examination report.

AGREEMENTS WITH PARENT, SUBSIDIARIES AND AFFILIATES

The Company purchases certain pharmacy benefit management services from SilverScript, Inc. under recitals of a Medicare Part D Management and Services Agreement. The agreement was filed as a Form D Filing with The Department of Commerce and Insurance, State of Tennessee on December 16, 2005.

All staff and services not provided by the Company are provided by parent, SilverScript, Inc. under terms of this agreement. The formula for compensation to the parent for pharmacy network rates (i.e. what the insurance company pays for each processed claim) is based on a percentage of average wholesale price for brand name drugs or maximum allowed cost for generic drugs as defined by the drug plan. Other fees for services are based on their fair market value.

This Form D filing is discussed in detail in this report under the caption "COMMENTS."

PROPOSED PLAN OF OPERATION

The Company's plan of operation is to market Medicare Part D Prescription Drug Plan coverage as defined by Part D of the Medicare Prescription Drug, Improvement and Modernization Act of 2003. These plans are regulated by the United States Department of Health and Human Services's Centers for Medicare & Medicaid Services.

The primary marketing system will be direct mailings.

The Company additionally plans to partner with several companies who offer Medicare Supplement products but do not have their own Prescription Drug Plan. These companies will offer "the SilverScript Prescription Drug Plan" to their existing client base through direct mail offerings and direct agent sales.

STATUTORY DEPOSIT

In compliance with statutory requirements, the Company maintained the following deposits with The Department of Commerce and Insurance, State of Tennessee:

Where Deposited and Description	Par Value	Statement Value	Market Value
Tennessee			
US Treasury 5.25%, due 2/18/2008	$200,000	$206,250	$204,648
Total general deposits held for the benefit of all policyholders, claimants and creditors of the Company	**200,000**	**206,250**	**204,648**
Total	**$200,000**	**$206,250**	**$204,648**

The above deposit was pledged to the Commissioner of Commerce and Insurance, State of Tennessee on November 30, 2005, by a pledge receipt between the Company and AmSouth Bank. The formal Depository Agreement, executed January 31, 2006, was signed by the Company on January 4, 2006, signed by AmSouth Bank on January 13, 2006, and signed by the Commissioner of Commerce and Insurance, State of Tennessee, on January 31, 2006.

REINSURANCE

The Company has agreed to enter a reinsurance agreement with Empire Healthchoice Assurance, Inc. D/B/A Empire Blue Cross Blue Shield, a New York domiciled Article 42 insurer effective January 1, 2006, contingent upon approval by the New York State Insurance Department. The agreement was reviewed and found to contain the standard provisions for arbitration, cancellation, errors and omissions, exclusions, insolvency, offset, settlement and termination. The following is a summary of said

reinsurance agreement:

Ceded:

Type:	Quota Share (treaty basis)
Reinsurer:	Empire Healthchoice Assurance, Inc. D/B/A Empire Blue Cross Blue Shield
Term:	January 1, 2006 through December 31, 2006
Premium:	Net collected premium for each contract on the portion reinsured minus a reinsurance commission
Coverage:	Contracts of insurance in effect at the effective date of the agreement through the termination date in the State of New York classified as health insurance or Prescription Drug Plan coverage
Quota Share:	Variable, contingent upon type of policy and approval of agreement by the New York State Insurance Department
Intermediary:	n/a

Empire Healthchoice Assurance, Inc., is not licensed in Tennessee and is, therefore, an unaccredited reinsurer.

SUBSEQUENT EVENTS

The Company agreed by letter to The Department of Commerce and Insurance, State of Tennessee dated December 16, 2005, to the following:

1. Maintain all books and records in Nashville, Tennessee (hard copy or electronically retrievable, as applicable).

2. Keep The Division of Insurance apprised of newsworthy developments regarding the Company, to the extent that such disclosures would not be precluded by Securities and Exchange Commission regulation, pending litigation or other legal constraints.

3. The Company agrees that in the case of conflicts between state and federal regulation of the Company's Medicare Part D activities where there is no clear federal preemption of state law, it will consult with The Division of Insurance and work in good faith to resolve the conflict.

At November 30, 2005, the Company had not formally completed the Safekeeping Agreement with Bank of America under which securities owned by the Company are held. The Safekeeping Agreement along with an Amendment to Safekeeping Agreement was signed by Bank of America and the Company on March 2, 2006. The said agreement was found to comply with Tenn. Comp. R. & Regs. Tit. Dep't of Commerce and Ins., ch. 0780-1-46.

FINANCIAL STATEMENT

The following is a statement of assets, liabilities and summary of operations at November 30, 2005, together with a reconciliation of capital and surplus for the period under review. This statement reflects the fact that the securities owned by the Company are admitted assets held under a Safekeeping Agreement with Bank of America signed March 2, 2006.

ASSETS

	Net Admitted Assets 11/30/2005	Net Admitted Assets Per Exam
Bonds	$27,706,250	$27,706,250
Cash and short-term investments	520,831	520,831
Investment income due and accrued	59,119	59,119
Totals	$28,286,200	$28,286,200

LIABILITIES, SURPLUS, AND OTHER FUNDS

	11/30/2005	Per Exam
Payable to parent	$497,765	$497,765
Total liabilities	497,765	497,765
Common capital stock	2,750,000	2,750,000
Gross paid in and contributed surplus	24,750,000	24,750,000
Unassigned funds (surplus)	288,435	288,435
Surplus	27,788,435	27,788,435
Totals	$28,286,200	$28,286,200

SUMMARY OF OPERATIONS

Premiums and annuity considerations	0	
Net investment income	$476,752	
Total		$476,752
General insurance expenses	0	
Insurance taxes licenses and fees	21,454	
Total		21,454
Net gain from operations		455,298
Federal and foreign income taxes incurred		166,863
Net gain from operations		288,435
Net realized capital gains (losses)		0
Net income		$288,435

CAPITAL AND SURPLUS

Net income	$288,435	
Net unrealized capital gains (losses)	0	
Change in net deferred income tax	0	
Change in non-admitted assets	0	
Cumulative effect of changes in accounting principles	0	
Capital changes: Paid in	2,750,000	
Surplus adjustments: Paid in	24,750,000	
Change in surplus as regards policyholders for the year		27,788,435
Capital and surplus as regards policyholders, November 30, 2005		$27,788,435

ANALYSIS OF CHANGES IN FINANCIAL STATEMENT AND COMMENTS RESULTING FROM EXAMINATION

None

COMMENTS

- The Company is a member of a Holding Company as defined by Tenn. Code Ann. § 56-11-201. The Company is aware that it is required to execute Form B filings on behalf of the controlling person/persons along with biographical data and financial statements. Biographical data has been filed as part of the licensing process.

- The Company is aware that it is required to file a Holding Company Registration within fifteen (15) days after the Company is licensed and every year thereafter by April 30 of each year for the previous calendar year. Tenn. Comp. R. & Regs. Tit. Dep't of Commerce and Ins., ch. 0780-1-67 exhibits the reporting forms and instructions.

- The Company is aware that agreements within a holding company are required to be submitted to The Department of Commerce and Insurance, State of Tennessee at least 30 days prior to the effective date. The Medicare Part D Management and Services Agreement with SilverScript, Inc. was submitted as a Form D Filing on December 16, 2005.

  Tenn. Code Ann. § 56-11-206(a)(2) states: transactions involving a domestic insurance company or a health maintenance organization and any person in its holding company system may not be entered into unless the insurer or health maintenance organization has notified the commissioner of its intention to enter into such transaction at least thirty days (30) days prior thereto, or such shorter period as the Commissioner may permit, and the Commissioner has not disapproved it within such period. No disapproval of the agreement has been issued by The Department of Commerce and Insurance.

- The Company is aware that should it commence to market products in addition to Medicare Part D Prescription Drug Plan coverage it must comply with filing and approval requirements outlined in Tenn. Code Ann. § 56-7-2311 for life insurance policy forms and Tenn. Code Ann. § 56-26 for accident and sickness policy forms.

CONCLUSION

I have verified the foregoing financial statement as included in this examination report. In conjunction, I have inspected the following documents and records of the Company: Charter of Incorporation, Bylaws, minutes of the Board meetings, biographical sketches of all directors and officers and the plan of operation.

It appears that the Company has fulfilled all necessary requirements to receive a Certificate of Authority to establish and operate a life insurance and accident and health insurance company in the State of Tennessee. Therefore, I recommend that SilverScript Insurance Company be issued a Certificate of Authority, pursuant to Tenn. Code Ann. § 56-2, to establish and operate such life insurance and accident and health insurance company in Tennessee.

Respectfully submitted,

Keith M. Patterson
Insurance Examiner
State of Tennessee
Southeastern Zone, N.A.I.C.

AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached Organizational Examination Report of SilverScript Insurance Company dated May 3, 2006, and made as of November 30, 2005, on behalf of The Department of Commerce and Insurance, State of Tennessee. Deponent further says he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

Keith M. Patterson
Insurance Examiner
State of Tennessee
Southeastern Zone, N.A.I.C.

Subscribed and sworn to before me

this 3rd day of

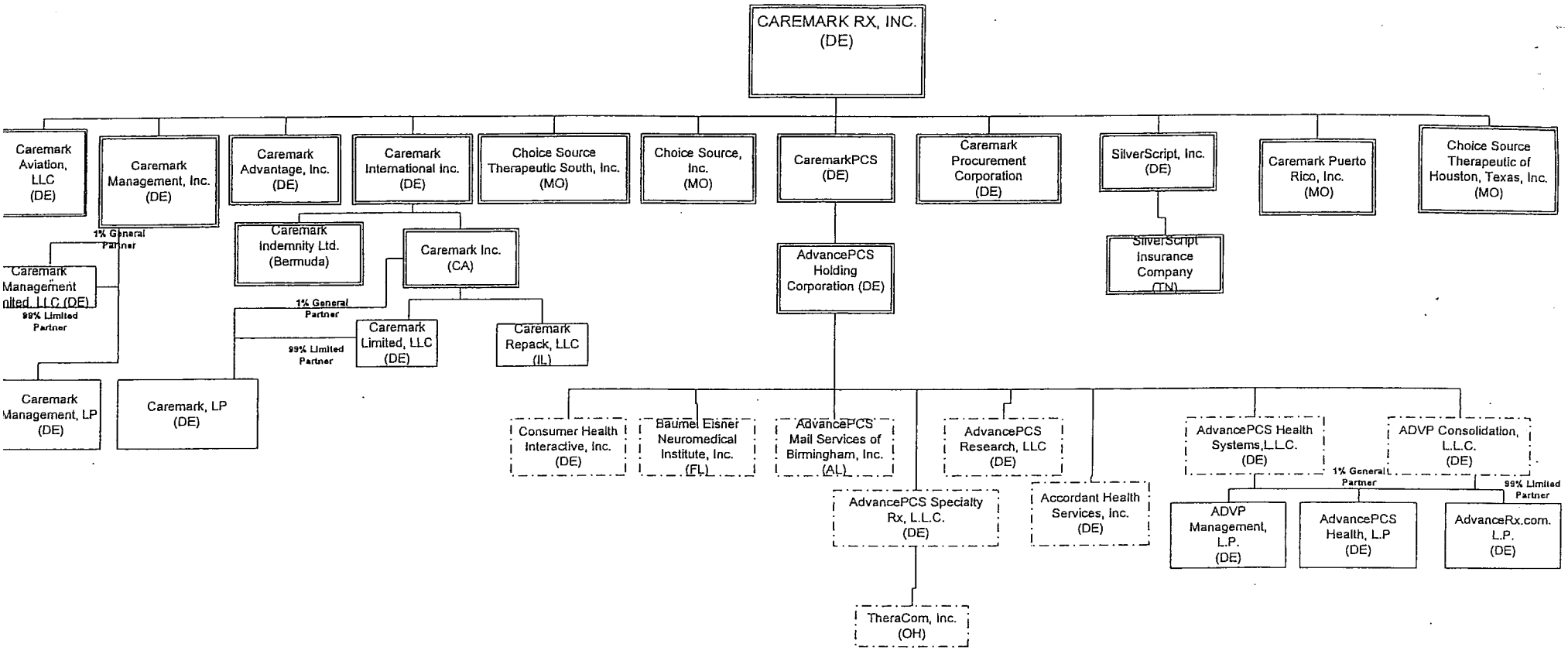
May, 2006

Notary Kristina D. Rust

County Davidson

State Tennessee

Commission Expires July 19, 2008


CAREMARK RX, INC. (DE)
Caremark Aviation, LLC (DE)
Caremark Management, Inc. (DE)
Caremark Advantage, Inc. (DE)
Caremark International Inc. (DE)
Choice Source Therapeutic South, Inc. (MO)
Choice Source, Inc. (MO)
CaremarkPCS (DE)
Caremark Procurement Corporation (DE)
SilverScript, Inc. (DE)
Caremark Puerto Rico, Inc. (MO)
Choice Source Therapeutic of Houston, Texas, Inc. (MO)
1% General Partner
Caremark Indemnity Ltd. (Bermuda)
Caremark Inc. (CA)
AdvancePCS Holding Corporation (DE)
SilverScript Insurance Company (TN)
Caremark Management nited, LLC (DE)
99% Limited Partner
1% General Partner
99% Limited Partner
Caremark Limited, LLC (DE)
Caremark Repack, LLC (IL)
Caremark Management, LP (DE)
Caremark, LP (DE)
Consumer Health Interactive, Inc. (DE)
Baumel Eisner Neuromedical Institute, Inc. (FL)
AdvancePCS Mail Services of Birmingham, Inc. (AL)
AdvancePCS Research, LLC (DE)
AdvancePCS Health Systems,L.L.C. (DE)
ADVP Consolidation, L.L.C. (DE)
1% General Partner
99% Limited Partner
AdvancePCS Specialty Rx, L.L.C. (DE)
Accordant Health Services, Inc. (DE)
ADVP Management, L.P. (DE)
AdvancePCS Health, L.P (DE)
AdvanceRx.com. L.P. (DE)
TheraCom, Inc. (OH)