



# ANNUAL STATEMENT

For the Year Ended December 31, 2019  
of the Condition and Affairs of the

## USable Mutual Insurance Company

NAIC Group Code..... 876, 876 (Current Period) (Prior Period) NAIC Company Code..... 83470 Employer's ID Number..... 71-0226428

Organized under the Laws of Arkansas State of Domicile or Port of Entry Arkansas Country of Domicile US

Licensed as Business Type Life, Accident & Health Is HMO Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized..... December 10, 1948 Commenced Business..... March 2, 1949

Statutory Home Office 601 S. Gaines .. Little Rock .. AR .. US .. 72201  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 601 S. Gaines .. Little Rock .. AR .. US .. 72201 501-378-2000  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 601 S. Gaines .. Little Rock .. AR .. US .. 72201  
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 601 S. Gaines .. Little Rock .. AR .. US .. 72201 501-378-2000  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.arkansasbluecross.com

Statutory Statement Contact Scott Bradley Winter 501-399-3951  
(Name) (Area Code) (Telephone Number) (Extension)

sbwinter@arkbluecross.com 501-378-3258  
(E-Mail Address) (Fax Number)

### OFFICERS

Name	Title	Name	Title
1. Curtis Edwin Barnett	President / CEO	2. Calvin Eugene Kellogg	EVP / Chief Strategy Officer
3. Gray Donald Dillard	Treasurer / COO	4. Timothy Gerard Gauger	Secretary

### OTHER

Stephen William Abell	James Robert Bailey
Alicia Marie Berkemeyer	Judy Dawn Blevins
James Daniel Bloodworth	Victor Pratt Davis
Brian Keith Dorathy #	Matthew Richard Flora
Maxine Arlene Greenwood #	Kimberly Ann Henderson
Harvey David Jacobson	Anthony Marcus James
Mark Thomas Jansen #	Wanda Denise King #
David Bryan Martin	Mary Alison Melson #
Odell Calvin Nickelberry #	Hal Jackson Norman
Kathleen O'Dea Ryan	Wendy Womack See
Philip Eugene Sherrill	Steven Aaron Spaulding
Joanna Maria Thomas	Matthew Dennis Vannatta #
Scott Bradley Winter	

### DIRECTORS OR TRUSTEES

Curtis Edwin Barnett	Susan Glover Brittain	Robert Vincent Brothers	Mark William Greenway
James Virgil Kelley	Mahlon Ogden Maris MD	Carla Marie Martin	James Thomas May
Robert Daniel Nabholz	Marla Kay Johnson	Ben Edwin Owens	Robert Lee Shoptaw
Sherman Ellis Tate	Rex Moreland Terry	Paul Mark White	

State of..... Arkansas  
County of..... Pulaski

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

_____ (Signature) Curtis Edwin Barnett	_____ (Signature) Calvin Eugene Kellogg	_____ (Signature) Gray Donald Dillard
1. (Printed Name) President / CEO	2. (Printed Name) EVP / Chief Strategy Officer	3. (Printed Name) Treasurer / COO
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me This \_\_\_\_\_ day of \_\_\_\_\_ 2020

a. Is this an original filing? Yes [X] No [ ]

b. If no

1. State the amendment number \_\_\_\_\_
2. Date filed \_\_\_\_\_
3. Number of pages attached \_\_\_\_\_

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	603,181,207		603,181,207	685,403,413
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	433,460,761		433,460,761	226,494,090
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	53,489,517		53,489,517	52,222,305
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	6,639,078		6,639,078	6,815,844
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$....69,277,518, Schedule E-Part 1), cash equivalents (\$....33,890,141, Schedule E-Part 2) and short-term investments (\$....38,941,950, Schedule DA).....	142,109,610		142,109,610	196,887,883
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	199,448,182		199,448,182	201,004,379
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	3,401,976	0	3,401,976	3,453,292
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,441,730,330	0	1,441,730,330	1,372,281,206
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	4,922,882		4,922,882	5,195,883
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....			0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums (\$....136,578,671) and contracts subject to redetermination (\$....(17,354,338)).....	119,224,333	2,580,156	116,644,178	139,134,883
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	3,703,146		3,703,146	3,912,250
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....	87,295,943	625,839	86,670,103	65,893,055
18.1 Current federal and foreign income tax recoverable and interest thereon.....	19,344,639		19,344,639	8,146,512
18.2 Net deferred tax asset.....	97,652,762	50,747,463	46,905,299	33,569,159
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	15,768,165	9,899,083	5,869,081	6,042,976
21. Furniture and equipment, including health care delivery assets (\$.....0).....	29,302,060	29,302,060	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	14,877,143	2,279,237	12,597,905	11,515,000
24. Health care (\$....34,182,499) and other amounts receivable.....	90,779,715	16,818,464	73,961,252	62,356,580
25. Aggregate write-ins for other-than-invested assets.....	77,587,747	37,860,025	39,727,722	39,257,458
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,002,188,865	150,112,327	1,852,076,538	1,747,304,961
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	2,002,188,865	150,112,327	1,852,076,538	1,747,304,961

## DETAILS OF WRITE-INS

1101. Deposits with National Accounts.....	3,401,976		3,401,976	3,453,292
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	3,401,976	0	3,401,976	3,453,292
2501. Supplemental Savings Plan.....	39,415,416		39,415,416	38,956,717
2502. Other Assets.....	312,306		312,306	300,741
2503. Other Non-Admitted Assets.....	37,860,025	37,860,025	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	77,587,747	37,860,025	39,727,722	39,257,458

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....6,601,678 reinsurance ceded).....	190,391,331	503,230	190,894,561	200,536,836
2. Accrued medical incentive pool and bonus amounts.....	2,689,457		2,689,457	6,363,732
3. Unpaid claims adjustment expenses.....	6,421,153		6,421,153	6,442,803
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	126,031,552		126,031,552	132,350,868
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	28,795,706		28,795,706	30,648,261
9. General expenses due or accrued.....	440,130,669		440,130,669	396,842,462
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....			0	
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....	4,466,147		4,466,147	4,231,752
12. Amounts withheld or retained for the account of others.....	48,238,301		48,238,301	47,440,754
13. Remittances and items not allocated.....	796,066		796,066	1,064,794
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	143,072		143,072	1,098,024
16. Derivatives.....			0	
17. Payable for securities.....			0	
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers).....			0	
20. Reinsurance in unauthorized and certified (\$.....0) companies.....			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
22. Liability for amounts held under uninsured plans.....	62,595,386		62,595,386	67,767,650
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	21,808,485	0	21,808,485	21,971,594
24. Total liabilities (Lines 1 to 23).....	932,507,324	503,230	933,010,554	916,759,531
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	42,870,062	0
26. Common capital stock.....	XXX	XXX		
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX		
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other-than-special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	876,195,921	830,545,432
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 \$.....0).....	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 \$.....0).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	919,065,983	830,545,432
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	1,852,076,538	1,747,304,962

**DETAILS OF WRITE-INS**

2301. Deferred Gain on Capitalization of joint venture.....	19,617,685		19,617,685	19,617,685
2302. Miscellaneous.....	2,190,800		2,190,800	2,353,909
2303. ....			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above).....	21,808,485	0	21,808,485	21,971,594
2501. 2020 ACA Insurer Fee Estimate.....	XXX	XXX	42,870,062	
2502. ....	XXX	XXX		
2503. ....	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	XXX	XXX	42,870,062	0
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	0

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	.XXX.....	7,437,192	7,739,589
2. Net premium income (including \$.....0 non-health premium income).....	.XXX.....	2,389,476,420	2,481,886,532
3. Change in unearned premium reserves and reserve for rate credits.....	.XXX.....	5,523,215	(1,660,432)
4. Fee-for-service (net of \$.....0 medical expenses).....	.XXX.....		
5. Risk revenue.....	.XXX.....		
6. Aggregate write-ins for other health care related revenues.....	.XXX.....	.0	.0
7. Aggregate write-ins for other non-health revenues.....	.XXX.....	.0	.0
8. Total revenues (Lines 2 to 7).....	.XXX.....	2,394,999,635	2,480,226,100
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits.....		1,148,868,460	1,116,050,358
10. Other professional services.....		47,267,129	41,283,042
11. Outside referrals.....		23,931,174	28,141,302
12. Emergency room and out-of-area.....		216,328,642	250,371,934
13. Prescription drugs.....		464,236,277	504,926,292
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		18,776,311	15,240,454
16. Subtotal (Lines 9 to 15).....	.0	1,919,407,994	1,956,013,381
<b>Less:</b>			
17. Net reinsurance recoveries.....		(39,739,145)	(53,081,641)
18. Total hospital and medical (Lines 16 minus 17).....	.0	1,959,147,139	2,009,095,022
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....19,436,256 cost containment expenses.....		106,383,276	97,996,875
21. General administrative expenses.....		264,507,096	388,768,746
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....			(2,161,932)
23. Total underwriting deductions (Lines 18 through 22).....	.0	2,330,037,511	2,493,698,711
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	.XXX.....	64,962,124	(13,472,612)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		47,782,059	24,459,334
26. Net realized capital gains or (losses) less capital gains tax of \$.....(561,815).....		(1,736,131)	11,987,775
27. Net investment gains or (losses) (Lines 25 plus 26).....	.0	46,045,927	36,447,109
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....			
29. Aggregate write-ins for other income or expenses.....	.0	1,616,807	2,646,386
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	.XXX.....	112,624,858	25,620,883
31. Federal and foreign income taxes incurred.....	.XXX.....	28,079,273	46,951,312
32. Net income (loss) (Lines 30 minus 31).....	.XXX.....	84,545,585	(21,330,429)

**DETAILS OF WRITE-INS**

0601. ....	.XXX.....		
0602. ....	.XXX.....		
0603. ....	.XXX.....		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.XXX.....	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	.XXX.....	.0	.0
0701. ....	.XXX.....		
0702. ....	.XXX.....		
0703. ....	.XXX.....		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	.XXX.....	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above).....	.XXX.....	.0	.0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	.0	.0	.0
2901. Miscellaneous Income/Expense.....		1,624,277	2,647,320
2902. State Tax Expense.....		(7,470)	(934)
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	.0	1,616,807	2,646,386

## STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	830,545,434	866,336,545
34. Net income or (loss) from Line 32.....	84,545,585	(21,330,429)
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....	5,948,346	(4,676,050)
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	9,994,070	32,981,317
39. Change in nonadmitted assets.....	(12,712,258)	(43,449,469)
40. Change in unauthorized and certified reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....		
43. Cumulative effect of changes in accounting principles.....		
44. Capital changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		
47. Aggregate write-ins for gains or (losses) in surplus.....	744,809	683,521
48. Net change in capital and surplus (Lines 34 to 47).....	88,520,552	(35,791,110)
49. Capital and surplus end of reporting period (Line 33 plus 48).....	919,065,986	830,545,434

## DETAILS OF WRITE-INS

4701. Capital Lease Adjustment.....	744,809	683,521
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above).....	744,809	683,521

## CASH FLOW

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	2,411,049,838	2,515,736,677
2. Net investment income.....	51,001,552	28,290,967
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	2,462,051,389	2,544,027,644
5. Benefit and loss related payments.....	1,993,320,781	2,027,350,048
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	352,024,786	328,315,823
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	38,715,586	49,894,072
10. Total (Lines 5 through 9).....	2,384,061,153	2,405,559,944
11. Net cash from operations (Line 4 minus Line 10).....	77,990,236	138,467,700
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	117,709,308	366,201,225
12.2 Stocks.....	18,796,269	40,682,671
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	1,753,965	1,772,324
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	1,895	(23,687)
12.7 Miscellaneous proceeds.....	51,316	63,075
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	138,312,754	408,695,608
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	161,816,517	456,744,356
13.2 Stocks.....	86,374,783	3,143,066
13.3 Mortgage loans.....		
13.4 Real estate.....	7,670,094	9,321,980
13.5 Other invested assets.....	1,646,845	65,509,733
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	257,508,239	534,719,135
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(119,195,485)	(126,023,527)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(13,573,023)	4,165,150
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(13,573,023)	4,165,150
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(54,778,273)	16,609,323
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	196,887,881	180,278,558
19.2 End of year (Line 18 plus Line 19.1).....	142,109,608	196,887,881

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001 .....		
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## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical).....	1,597,407,712	69,832,330		1,667,240,042
2. Medicare Supplement.....	262,533,844			262,533,844
3. Dental only.....	51,651,042		51,735,527	(84,485)
4. Vision only.....	8,400,813			8,400,813
5. Federal Employees Health Benefits Plan.....	287,744,539			287,744,539
6. Title XVIII - Medicare.....	103,345,935	25,052,222		128,398,158
7. Title XIX - Medicaid.....				0
8. Other health.....	35,701,701		458,192	35,243,508
9. Health subtotal (Lines 1 through 8).....	2,346,785,587	94,884,553	52,193,720	2,389,476,420
10. Life.....				0
11. Property/casualty.....				0
12. Totals (Lines 9 to 11).....	2,346,785,587	94,884,553	52,193,720	2,389,476,420



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2 - CLAIMS INCURRED DURING THE YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	1,919,392,001	1,299,479,803	210,830,107	36,611,577	6,777,064	253,796,348	90,160,998		21,736,104	
1.2 Reinsurance assumed.....	80,118,644	54,671,172					21,715,127		3,732,345	
1.3 Reinsurance ceded.....	37,069,605	322,376		36,591,663					155,566	
1.4 Net.....	1,962,441,040	1,353,828,599	210,830,107	19,914	6,777,064	253,796,348	111,876,125	0	25,312,883	0
2. Paid medical incentive pools and bonuses.....	22,450,586	16,767,865	1,682,326	6,175			2,234,053		1,760,167	
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	190,173,226	115,172,914	30,423,265	1,350,992		24,093,553	9,119,932		10,012,570	
3.2 Reinsurance assumed.....	7,323,012	5,314,111					2,328,457		(319,556)	
3.3 Reinsurance ceded.....	6,601,676	(2)		1,350,992					5,250,686	
3.4 Net.....	190,894,562	120,487,027	30,423,265	0	0	24,093,553	11,448,389	0	4,442,328	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	2,689,457	2,182,266					505,921		1,270	
6. Net healthcare receivables (a).....	12,637,042	9,290,510	(39,186)			(288,780)	681,103		2,993,395	
7. Amounts recoverable from reinsurers December 31, current year.....	3,703,147			3,689,949					13,198	
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	196,296,502	138,544,601	20,475,000	1,298,000		17,598,948	13,130,199		5,249,754	
8.2 Reinsurance assumed.....	10,479,628	5,445,000					2,303,677		2,730,951	
8.3 Reinsurance ceded.....	6,239,294	(2)		1,298,000					4,941,296	
8.4 Net.....	200,536,836	143,989,603	20,475,000	0	0	17,598,948	15,433,876	0	3,039,409	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0									
9.2 Reinsurance assumed.....	0									
9.3 Reinsurance ceded.....	0									
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	6,363,732	5,652,291					708,288		3,153	
11. Amounts recoverable from reinsurers December 31, prior year.....	3,912,250	211,218		3,670,035					30,997	
12. Incurred benefits:										
12.1 Direct.....	1,900,631,683	1,266,817,606	220,817,558	36,664,569	6,777,064	260,579,733	85,469,628	0	23,505,525	0
12.2 Reinsurance assumed.....	76,962,028	54,540,283	0	0	0	0	21,739,907	0	681,838	0
12.3 Reinsurance ceded.....	37,222,884	111,158	0	36,664,569	0	0	0	0	447,157	0
12.4 Net.....	1,940,370,827	1,321,246,731	220,817,558	0	6,777,064	260,579,733	107,209,535	0	23,740,206	0
13. Incurred medical incentive pools and bonuses.....	18,776,311	13,297,840	1,682,326	6,175	0	0	2,031,686	0	1,758,284	0

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	38,321,579	23,165,081	9,423,265			3,012,457	(1,644,492)		4,365,268	
1.2 Reinsurance assumed.....	319,555								319,555	
1.3 Reinsurance ceded.....	0								\$-	
1.4 Net.....	38,641,134	23,165,081	9,423,265	0	0	3,012,457	(1,644,492)	0	4,684,823	0
2. Incurred but unreported:										
2.1 Direct.....	151,851,647	92,007,833	21,000,000	1,350,992		21,081,096	10,764,424		5,647,302	
2.2 Reinsurance assumed.....	7,003,457	5,314,111					2,328,457		(639,111)	
2.3 Reinsurance ceded.....	6,601,676	(2)		1,350,992					5,250,686	
2.4 Net.....	152,253,428	97,321,946	21,000,000	0	0	21,081,096	13,092,881	0	(242,495)	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	0									
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	190,173,226	115,172,914	30,423,265	1,350,992	0	24,093,553	9,119,932	0	10,012,570	0
4.2 Reinsurance assumed.....	7,323,012	5,314,111	0	0	0	0	2,328,457	0	(319,556)	0
4.3 Reinsurance ceded.....	6,601,676	(2)	0	1,350,992	0	0	0	0	5,250,686	0
4.4 Net.....	190,894,562	120,487,027	30,423,265	0	0	24,093,553	11,448,389	0	4,442,328	0

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....	138,865,991	1,238,491,257	(7,240,604)	126,376,639	131,625,387	141,784,934
2. Medicare Supplement.....	17,560,701	193,269,406	176,164	30,247,101	17,736,865	20,475,000
3. Dental only.....	1,106,103	35,505,474	7,350	1,343,642	1,113,453	1,298,000
4. Vision only.....		6,777,064			0	
5. Federal Employees Health Benefits Plan.....	18,943,713	234,852,635	280,049	23,813,503	19,223,762	17,598,949
6. Title XVIII - Medicare.....	12,614,693	77,546,305	133,650	11,314,739	12,748,343	13,130,199
7. Title XIX - Medicaid.....					0	
8. Other health.....	99,998	21,636,106	2,051	4,440,277	102,049	6,249,754
9. Health subtotal (Lines 1 to 8).....	189,191,199	1,808,078,247	(6,641,340)	197,535,901	182,549,859	200,536,836
10. Healthcare receivables (a).....		47,256,344			0	
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	6,431,181	16,019,406		2,689,457	6,431,181	6,363,732
13. Totals (Lines 9 - 10 + 11 + 12).....	195,622,380	1,776,841,309	(6,641,340)	200,225,358	188,981,040	206,900,568

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	1,642,051	1,643,251	1,643,251	1,643,251	1,643,251
2. 2015.....	1,773,046	1,936,903	1,936,976	1,936,976	1,936,976
3. 2016.....	XXX	1,990,751	2,177,784	2,179,408	2,179,408
4. 2017.....	XXX	XXX	2,081,794	2,248,371	2,247,198
5. 2018.....	XXX	XXX	XXX	1,885,196	2,075,561
6. 2019.....	XXX	XXX	XXX	XXX	1,808,078

**SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	1,642,882	1,643,251	1,643,251	1,643,251	1,643,251
2. 2015.....	1,986,671	1,938,346	1,936,976	1,936,976	1,936,976
3. 2016.....	XXX	2,239,338	2,177,858	2,179,408	2,179,408
4. 2017.....	XXX	XXX	2,305,891	2,250,379	2,247,198
5. 2018.....	XXX	XXX	XXX	2,083,985	2,065,998
6. 2019.....	XXX	XXX	XXX	XXX	2,005,614

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	2,243,936	1,936,976	54,432	2.8	1,991,408	88.7			1,991,408	88.7
2. 2016.....	2,496,570	2,179,408	71,503	3.3	2,250,911	90.2			2,250,911	90.2
3. 2017.....	2,499,962	2,247,198	71,585	3.2	2,318,783	92.8			2,318,783	92.8
4. 2018.....	2,481,726	2,075,561	79,357	3.8	2,154,918	86.8	(6,642)	(217)	2,148,059	86.6
5. 2019.....	2,389,561	1,810,070	78,612	4.3	1,888,682	79.0	200,227	6,638	2,095,547	87.7

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
(\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	106,658	107,314	107,314	107,314	107,314
2. 2015.....	1,217,874	1,331,641	1,331,554	1,331,554	1,331,554
3. 2016.....	XXX	1,413,777	1,548,274	1,549,824	1,549,824
4. 2017.....	XXX	XXX	1,490,216	1,605,241	1,603,900
5. 2018.....	XXX	XXX	XXX	1,308,355	1,448,562
6. 2019.....	XXX	XXX	XXX	XXX	1,238,491

**SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	1,046,717	1,046,978	1,046,978	1,046,978	1,046,978
2. 2015.....	1,367,547	1,332,239	1,331,554	1,331,554	1,331,554
3. 2016.....	XXX	1,598,910	1,548,375	1,549,824	1,549,824
4. 2017.....	XXX	XXX	1,651,483	1,607,102	1,603,900
5. 2018.....	XXX	XXX	XXX	1,448,921	1,438,761
6. 2019.....	XXX	XXX	XXX	XXX	1,376,783

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	1,551,103	1,331,554	33,352	2.5	1,364,906	88.0			1,364,906	88.0
2. 2016.....	1,771,012	1,549,824	44,540	2.9	1,594,364	90.0			1,594,364	90.0
3. 2017.....	1,789,027	1,603,900	45,378	2.8	1,649,278	92.2			1,649,278	92.2
4. 2018.....	1,748,133	1,448,562	51,190	3.5	1,499,752	85.8	(7,241)	(263)	1,492,248	85.4
5. 2019.....	1,667,240	1,238,491	51,389	4.1	1,289,880	77.4	128,559	4,667	1,423,106	85.4

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
(\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	16,722	16,792	16,792	16,792	16,792
2. 2015.....	174,957	191,943	191,957	191,957	191,957
3. 2016.....	XXX	181,611	200,791	200,660	200,660
4. 2017.....	XXX	XXX	191,173	208,672	208,659
5. 2018.....	XXX	XXX	XXX	195,683	213,257
6. 2019.....	XXX	XXX	XXX	XXX	193,269

**SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	181,952	182,087	182,087	182,087	182,087
2. 2015.....	195,220	192,059	191,957	191,957	191,957
3. 2016.....	XXX	202,376	200,772	200,660	200,660
4. 2017.....	XXX	XXX	211,439	208,617	208,659
5. 2018.....	XXX	XXX	XXX	216,053	213,315
6. 2019.....	XXX	XXX	XXX	XXX	214,093

12.MS

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	245,069	191,957	7,430	3.9	199,387	81.4			199,387	81.4
2. 2016.....	247,867	200,660	7,779	3.9	208,439	84.1			208,439	84.1
3. 2017.....	257,379	208,659	7,108	3.4	215,767	83.8			215,767	83.8
4. 2018.....	264,659	213,257	8,909	4.2	222,166	83.9	176	.4	222,346	84.0
5. 2019.....	262,534	193,269	7,794	4.0	201,063	76.6	30,247	.773	232,083	88.4

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
(\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	1,660	1,670	1,670	1,670	1,670
2. 2015.....	29,953	31,769	31,784	31,784	31,784
3. 2016.....	.XXX	31,221	32,790	32,805	32,805
4. 2017.....	.XXX	.XXX	33,510	34,815	34,815
5. 2018.....	.XXX	.XXX	.XXX	33,204	34,310
6. 2019.....	.XXX	.XXX	.XXX	.XXX	35,506

**SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	28,972	28,975	28,975	28,975	28,975
2. 2015.....	31,888	31,786	31,784	31,784	31,784
3. 2016.....	.XXX	33,343	32,801	32,805	32,805
4. 2017.....	.XXX	.XXX	35,044	34,830	34,815
5. 2018.....	.XXX	.XXX	.XXX	34,494	34,309
6. 2019.....	.XXX	.XXX	.XXX	.XXX	36,849

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....		31,784		.0	31,784	.0			31,784	.0
2. 2016.....		32,805		.0	32,805	.0			32,805	.0
3. 2017.....		34,815		.0	34,815	.0			34,815	.0
4. 2018.....		34,310		.0	34,310	.0	7		34,317	.0
5. 2019.....		35,506	.347	1.0	35,853	.0	1,344		37,197	.0

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## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

#### SECTION A - PAID HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....					
2. 2015.....	2,161	2,161	2,161	2,161	2,161
3. 2016.....	.XXX	2,463	2,463	2,463	2,463
4. 2017.....	.XXX	.XXX	3,814	3,814	3,814
5. 2018.....	.XXX	.XXX	.XXX	4,213	4,213
6. 2019.....	.XXX	.XXX	.XXX	.XXX	6,777

#### SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	15,330	1,533	1,533	1,533	1,533
2. 2015.....	2,199	2,161	2,161	2,161	2,161
3. 2016.....	.XXX	2,503	2,463	2,463	2,463
4. 2017.....	.XXX	.XXX	3,860	3,814	3,814
5. 2018.....	.XXX	.XXX	.XXX	4,213	4,213
6. 2019.....	.XXX	.XXX	.XXX	.XXX	6,777

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#### SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	2,868	2,161		.00	2,161	75.3			2,161	75.3
2. 2016.....	3,563	2,463		.00	2,463	69.1			2,463	69.1
3. 2017.....	5,708	3,814		.00	3,814	66.8			3,814	66.8
4. 2018.....	6,700	4,213		.00	4,213	62.9			4,213	62.9
5. 2019.....	8,401	6,777	140	2.1	6,917	82.3			6,917	82.3



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

#### SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	14,751	14,783	14,783	14,783	14,783
2. 2015.....	205,028	221,246	221,301	221,301	221,301
3. 2016.....	.XXX	215,198	230,677	230,679	230,679
4. 2017.....	.XXX	.XXX	219,381	235,519	235,537
5. 2018.....	.XXX	.XXX	.XXX	217,593	236,519
6. 2019.....	.XXX	.XXX	.XXX	.XXX	234,853

#### SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	216,259	216,248	216,248	216,248	216,248
2. 2015.....	222,444	221,330	221,301	221,301	221,301
3. 2016.....	.XXX	235,118	230,776	230,679	230,679
4. 2017.....	.XXX	.XXX	236,267	235,514	235,537
5. 2018.....	.XXX	.XXX	.XXX	234,982	236,607
6. 2019.....	.XXX	.XXX	.XXX	.XXX	255,654

#### SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	252,247	221,301	5,931	2.7	227,232	90.1			227,232	90.1
2. 2016.....	275,089	230,679	8,988	3.9	239,667	87.1			239,667	87.1
3. 2017.....	256,173	235,537	9,422	4.0	244,959	95.6			244,959	95.6
4. 2018.....	266,136	236,519	9,836	4.2	246,355	92.6	280	9	246,644	92.7
5. 2019.....	287,745	234,853	10,579	4.5	245,432	85.3	23,814	760	270,006	93.8

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
(\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	14,003	14,430	14,430	14,430	14,430
2. 2015.....	111,997	126,919	126,993	126,993	126,993
3. 2016.....	XXX	114,797	131,015	131,198	131,198
4. 2017.....	XXX	XXX	111,279	127,474	127,598
5. 2018.....	XXX	XXX	XXX	96,992	109,482
6. 2019.....	XXX	XXX	XXX	XXX	77,546

**SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....					
2. 2015.....	129,407	127,340	126,993	126,993	126,993
3. 2016.....	XXX	131,148	131,046	131,198	131,198
4. 2017.....	XXX	XXX	128,103	127,657	127,598
5. 2018.....	XXX	XXX	XXX	109,970	109,588
6. 2019.....	XXX	XXX	XXX	XXX	88,177

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	147,727	126,993	6,550	5.2	133,543	90.4			133,543	90.4
2. 2016.....	154,146	131,198	7,115	5.4	138,313	89.7			138,313	89.7
3. 2017.....	148,744	127,598	6,272	4.9	133,870	90.0			133,870	90.0
4. 2018.....	161,254	109,482	6,582	6.0	116,064	72.0	134	.5	116,203	72.1
5. 2019.....	128,398	77,546	5,776	7.4	83,322	64.9	11,821	451	95,594	74.5

12.XV

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
(\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	<b>NONE</b>				
2. 2015.....					
3. 2016.....		XXX			
4. 2017.....		XXX	XXX		
5. 2018.....		XXX	XXX	XXX	
6. 2019.....		XXX	XXX	XXX	XXX

**SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	<b>NONE</b>				
2. 2015.....					
3. 2016.....		XXX			
4. 2017.....		XXX	XXX		
5. 2018.....		XXX	XXX	XXX	
6. 2019.....		XXX	XXX	XXX	XXX

12.XI

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 1 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....		0	0	0.0	<b>NONE</b>	0.0			0	0.0
2. 2016.....		0	0	0.0		0.0			0	0.0
3. 2017.....		0	0	0.0		0.0			0	0.0
4. 2018.....		0	0	0.0		0.0			0	0.0
5. 2019.....		0	0	0.0		0.0			0	0.0

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
(\$000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - OTHER**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	104	110	110	110	110
2. 2015.....	31,076	31,224	31,226	31,226	31,226
3. 2016.....	XXX	31,684	31,774	31,779	31,779
4. 2017.....	XXX	XXX	32,420	32,836	32,875
5. 2018.....	XXX	XXX	XXX	29,156	29,218
6. 2019.....	XXX	XXX	XXX	XXX	21,636

**SECTION B - INCURRED HEALTH CLAIMS - OTHER**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	32,218	32,226	32,226	32,226	32,226
2. 2015.....	37,966	31,431	31,226	31,226	31,226
3. 2016.....	XXX	35,940	31,624	31,779	31,779
4. 2017.....	XXX	XXX	39,695	32,845	32,875
5. 2018.....	XXX	XXX	XXX	35,352	29,205
6. 2019.....	XXX	XXX	XXX	XXX	27,281

12.0T

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	44,922	31,226	1,169	3.7	32,395	72.1			32,395	72.1
2. 2016.....	44,893	31,779	3,081	9.7	34,860	77.7			34,860	77.7
3. 2017.....	42,931	32,875	3,405	10.4	36,280	84.5			36,280	84.5
4. 2018.....	34,844	29,218	2,840	9.7	32,058	92.0	2		32,060	92.0
5. 2019.....	35,244	21,636	2,587	12.0	24,223	68.7	4,442	15	28,680	81.4

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY**

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	708,965	6,646	702,320						
2. Additional policy reserves (a).....	0								
3. Reserve for future contingent benefits.....	0								
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income).....	125,322,586					125,322,586			
5. Aggregate write-ins for other policy reserves.....	0	0	0	0	0	0	0	0	0
6. Totals (gross).....	126,031,551	6,646	702,320	0	0	125,322,586	0	0	0
7. Reinsurance ceded.....	0								
8. Totals (net) (Page 3, Line 4).....	126,031,551	6,646	702,320	0	0	125,322,586	0	0	0
9. Present value of amounts not yet due on claims.....	0								
10. Reserve for future contingent benefits.....	0								
11. Aggregate write-ins for other claim reserves.....	0	0	0	0	0	0	0	0	0
12. Totals (gross).....	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded.....	0								
14. Totals (net) (Page 3, Line 7).....	0	0	0	0	0	0	0	0	0

13

**DETAILS OF WRITE-INS**

0501. ....	0								
0502. ....	0								
0503. ....	0								
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0	0	0	0	0	0	0	0
1101. ....	0								
1102. ....	0								
1103. ....	0								
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0	0	0	0	0	0

(a) Includes \$.....0 premium deficiency reserve.

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....9,436,042 for occupancy of own building).....	183,826	1,048,986	6,686,311	9,436,042	17,355,165
2. Salaries, wages and other benefits.....	68,258,237	35,523,877	179,404,469		283,186,583
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			36,329,301		36,329,301
4. Legal fees and expenses.....	36,060		764,724		800,784
5. Certifications and accreditation fees.....	73,409				73,409
6. Auditing, actuarial and other consulting services.....	932,919		8,062,096		8,995,015
7. Traveling expenses.....	824,464	71,961	2,360,268		3,256,693
8. Marketing and advertising.....	41,126	1,867	3,687,109		3,730,102
9. Postage, express and telephone.....	761,022	4,083,444	7,416,758		12,261,224
10. Printing and office supplies.....	540,965	165,062	4,905,129		5,611,156
11. Occupancy, depreciation and amortization.....	843,928	227,977	4,372,734		5,444,639
12. Equipment.....	202,119	57,301	3,033,083		3,292,503
13. Cost or depreciation of EDP equipment and software.....	8,395,446	3,027,492	42,593,311		54,016,249
14. Outsourced services including EDP, claims, and other services.....	29,118,129	(480,451)	18,283,502	1,466,547	48,387,727
15. Boards, bureaus and association fees.....	354,705	6,808	4,618,172		4,979,685
16. Insurance, except on real estate.....	187,431	121,768	1,897,568		2,206,767
17. Collection and bank service charges.....			2,656,099		2,656,099
18. Group service and administration fees.....	(6,450,809)	39,000,601	4,601,795		37,151,587
19. Reimbursements by uninsured plans.....	(100,397,857)	(2,023,602)	(184,986,635)		(287,408,094)
20. Reimbursements from fiscal intermediaries.....		1,238,909			1,238,909
21. Real estate expenses.....	640,080	238,426	5,361,841	699,780	6,940,127
22. Real estate taxes.....	73,974	21,719	422,787	17,757	536,237
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....	17	17,347	105,530		122,894
23.2 State premium taxes.....			26,943,601		26,943,601
23.3 Regulatory authority licenses and fees.....	11,476		811,419		822,895
23.4 Payroll taxes.....	3,730,385	1,967,638	8,441,808		14,139,831
23.5 Other (excluding federal income and real estate taxes).....	24,431	9,474	296,309		330,214
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	11,050,772	2,620,417	75,438,006	0	89,109,195
26. Total expenses incurred (Lines 1 to 25).....	19,436,255	86,947,021	264,507,095	11,620,126	(a) 382,510,497
27. Less expenses unpaid December 31, current year.....		6,421,153	440,130,669		446,551,822
28. Add expenses unpaid December 31, prior year.....		6,442,803	396,842,462		403,285,266
29. Amounts receivable relating to uninsured plans, prior year.....			974,137		974,137
30. Amounts receivable relating to uninsured plans, current year.....			8,378,546		8,378,546
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	19,436,255	86,968,671	228,623,297	11,620,126	346,648,350

## DETAILS OF WRITE-INS

2501. Administrative Expenses Assumed.....	9,451,880	(18,631)	29,612,210		39,045,459
2502. Administrative Expenses Ceded.....	(167,792)	2,640,185	(5,269,960)		(2,797,567)
2503. HMOP ASA Agreement.....			(2,925,606)		(2,925,606)
2598. Summary of remaining write-ins for Line 25 from overflow page.....	1,766,684	(1,137)	54,021,362	0	55,786,909
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above).....	11,050,772	2,620,417	75,438,006	0	89,109,195

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....4,605,582	.....4,345,799
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....14,039,052	.....14,113,284
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....1,814,277	.....1,779,542
2.21 Common stocks of affiliates.....	.....320,484	.....320,484
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....10,356,400
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....3,707,902	.....3,655,189
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....24,831,488	.....24,831,488
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....49,318,785	.....59,402,185
11. Investment expenses.....	.....	(g).....11,620,126
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....11,620,126
17. Net investment income (Line 10 minus Line 16).....	.....	.....47,782,059

**DETAILS OF WRITE-INS**

0901. ....	.....	.....
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....606,472 accrual of discount less \$.....3,552,965 amortization of premium and less \$.....783,390 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....369,579	.....	.....369,579	.....629,918	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....(121,141)	.....	.....(121,141)	.....21,511	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....(1,930,087)	.....	.....(1,930,087)	.....3,875,570	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....9,291,264	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....1,895	.....	.....1,895	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....(618,191)	.....	.....(618,191)	.....(656,400)	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....(7,213,518)	.....0
10. Total capital gains (losses).....	.....(2,297,945)	.....0	.....(2,297,945)	.....5,948,346	.....0

**DETAILS OF WRITE-INS**

0901. OPEB.....	.....	.....	.....0	.....(12,928,350)	.....
0902. SSP & Other.....	.....	.....	.....0	.....5,714,832	.....
0903. ....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....(7,213,518)	.....0

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....	2,580,156	3,281,029	700,873
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....	625,839	720,483	94,644
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....	50,747,463	53,209,642	2,462,179
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	9,899,083	8,203,790	(1,695,293)
21. Furniture and equipment, including health care delivery assets.....	29,302,060	26,325,216	(2,976,844)
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....	2,279,237	1,665,932	(613,305)
24. Health care and other amounts receivable.....	16,818,464	7,356,939	(9,461,525)
25. Aggregate write-ins for other-than-invested assets.....	37,860,025	36,637,038	(1,222,987)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	150,112,327	137,400,069	(12,712,258)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	150,112,327	137,400,069	(12,712,258)

**DETAILS OF WRITE-INS**

1101. ....			0
1102. ....			0
1103. ....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Other Assets.....	37,860,025	36,637,038	(1,222,987)
2502. ....			0
2503. ....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	37,860,025	36,637,038	(1,222,987)



**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....						
2. Provider service organizations.....						
3. Preferred provider organizations.....	417,233	392,270	389,989	390,226	388,484	4,695,630
4. Point of service.....						
5. Indemnity only.....	201,446	227,284	229,045	228,688	229,196	2,741,562
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total.....	618,679	619,554	619,034	618,914	617,680	7,437,192

**DETAILS OF WRITE-INS**

0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	.0	.0	.0	.0	.0	.0

## NOTES TO FINANCIAL STATEMENTS

### Note 1 – Summary of Significant Accounting Policies and Going Concern

#### A. Accounting Practices

	SSAP #	F/S Page	F/S Line #	2019	2018
<b>NET INCOME</b>					
(1) Company state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ 84,545,585	\$ (21,330,429)
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 84,545,585	\$ (21,330,429)
<b>SURPLUS</b>					
(5) Company state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 919,065,983	\$ 830,545,432
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 919,065,983	\$ 830,545,432

#### B. Use of Estimates in the Preparation of the Financial Statement

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### C. Accounting Policy

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred.

In addition, the company uses the following accounting policies:

(1) Basis for Short-Term Investments

Short-term investments are stated at amortized cost.

(2) Basis for Bonds and Amortization Schedule

Bonds not backed by other loans and are stated at amortized cost using the interest method.

(3) Basis for Common Stocks

Common Stocks are carried at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.

(4) Basis for Preferred Stocks

The Company does not have preferred stock.

(5) Basis for Mortgage Loans

The Company does not have mortgage loans. The Company does own mortgage backed securities.

(6) Basis for Loan-Backed Securities and Adjustment Methodology

Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value. The prospective adjustment method is used to value all securities.

(7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities

Common stock investments in affiliates including limited liability companies are carried at their NAIC SAP or GAAP equity values in accordance with the requirements of SSAP no. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities*.

(8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities

The Company has investments in joint ventures, partnerships and limited liability companies. See (7) above for accounting policy.

(9) Accounting Policies for Derivatives

## NOTES TO FINANCIAL STATEMENTS

The Company does not have derivatives.

(10) Anticipated Investment Income Used in Premium Deficiency Calculation

The Company does not have premium deficiency reserves.

(11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses

When setting reserves, the Company employs the 5 methods that are described below. Based on the estimates of these methods and also retrospective considerations, the company sets a best estimate and then an explicit margin is added to ensure that the estimate is sufficient. The average of the methods, as well as the spread of the estimates, is also considered when setting the respective liabilities. Aggregate liabilities are tested against other aggregate estimation methods to check for reasonableness, and any additional margin or adjustments are made.

- a. **Aggregate Method:** 12 months of paid claims are subtracted from 12 months of estimated incurred claims to get the liability estimate
- b. **3 Month Average Method:** For the base liability estimate, the average liability of the third, fourth, and fifth month prior to the current month is used. Adjustments are made for trend, membership change, and backlog to determine the current month's estimate of liability.
- c. **Previous Year's IBNR Method** This method is similar to the Three Month Average Method, except that the actual reserve from one year ago is used as the base estimate of liability. This is projected forward using adjustments for trend, membership change, and backlog.
- d. **CY Lag Method:** This method calculates completion factors by incurral year. Completion factors used for the current year are based on the previous year's experience. Completion factors for the most recent 3 years are set manually.
- e. **12 Month CF Method:** This method is identical to the CY Lag Method, except that historical completion factors are based on 12 months of rolling data.

(12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period

No change in the capitalization policy this year.

(13) Method Used to Estimate Pharmaceutical Rebate Receivables

Pharmacy rebate receivable estimates are based upon the prior quarter's invoiced amounts.

D. Going Concern

For the period ending December 31, 2019 management has evaluated the Company's ability to continue as a going concern. Management has concluded that there is not substantial doubt that the Company can continue as a going concern, therefore, there are no policies in place to alleviate such situations.

### Note 2 – Accounting Changes and Correction of Errors

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Arkansas. There were no accounting changes or correction of errors during 2019.

### Note 3 – Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable

The transaction was accounted for as a statutory purchased, and reflects the following:

1	2	3	4	5	6	7
Purchased Entity	Acquisition Date	Cost of Acquired Entity	Original Amount of Admitted Goodwill	Admitted Goodwill as of the Reporting Date	Amount of Goodwill Amortized During the Reporting Period	Admitted Goodwill as a % of SCA BACV, Gross of Admitted Goodwill
		\$	\$	\$	\$	%

B. Statutory Merger

Not applicable

C. Assumption Reinsurance

Not applicable

D. Impairment Loss

## NOTES TO FINANCIAL STATEMENTS

Not applicable

### Note 4 – Discontinued Operations

A. Discontinued Operation Disposed of or Classified as Held for Sale

Not applicable

(1) List of Discontinued Operations Disposed of or Classified as Held for Sale

Discontinued Operation Identifier	Description of Discontinued Operation

(2) Description of the Facts and Circumstances Leading to the Disposal or Expected Disposal and a Description of the Expected Manner and Timing of that Disposal

(3) Loss Recognized on Discontinued Operations

Discontinued Operation Identifier	Amount for Reporting Period	Cumulative Amount Since Classified as Held for Sale
	\$	\$

(4) Carrying Amount and Fair Value of Discontinued Operations and the Effect on Assets, Liabilities, Surplus and Income

a. Carrying Amount of Discontinued Operations

Discontinued Operation Identifier	Carrying Amount Immediately Prior to Classification as Held for Sale	Current Fair Value Less Costs to Sell
	\$	\$

b. Effect of Discontinued Operations on Assets, Liabilities, Surplus and Income

Discontinued Operation Identifier	Line Number	Line Description	Amount Attributable to Discontinued Operations
1. Assets			\$
2. Liabilities			\$
3. Surplus			\$
4. Income			\$

B. Change in Plan of Sale of Discontinued Operation

Not applicable

C. Nature of any Significant Continuing Involvement with Discontinued Operations After Disposal

Not applicable

D. Equity Interest Retained in the Discontinued Operation After Disposal

Not applicable

### Note 5 – Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans - Not Applicable

(1) Maximum and Minimum Lending Rates

Not Applicable

(2) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgage was:

Not Applicable

	Current Year	Prior Year
(3) Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$ _____	\$ _____

**NOTES TO FINANCIAL STATEMENTS**

(4) Age Analysis of Mortgage Loans and Identification of Mortgage Loans in which the Insurer is a Participant or Co-Lender in a Mortgage Loan Agreement:

Not Applicable

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
<b>a. Current Year</b>							
1. Recorded Investment (All)							
(a) Current	\$	\$	\$	\$	\$	\$	\$
(b) 30-59 Days Past Due	\$	\$	\$	\$	\$	\$	\$
(c) 60-89 Days Past Due	\$	\$	\$	\$	\$	\$	\$
(d) 90-179 Days Past Due	\$	\$	\$	\$	\$	\$	\$
(e) 180+ Days Past Due	\$	\$	\$	\$	\$	\$	\$
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Interest Accrued	\$	\$	\$	\$	\$	\$	\$
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Interest Accrued	\$	\$	\$	\$	\$	\$	\$
4. Interest Reduced							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Number of Loans							
(c) Percent Reduced	%	%	%	%	%	%	%
5. Participant or Co-Lender in a Mortgage Loan Agreement							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
<b>b. Prior Year</b>							
1. Recorded Investment (All)							
(a) Current	\$	\$	\$	\$	\$	\$	\$
(b) 30-59 Days Past Due	\$	\$	\$	\$	\$	\$	\$
(c) 60-89 Days Past Due	\$	\$	\$	\$	\$	\$	\$
(d) 90-179 Days Past Due	\$	\$	\$	\$	\$	\$	\$
(e) 180+ Days Past Due	\$	\$	\$	\$	\$	\$	\$
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Interest Accrued	\$	\$	\$	\$	\$	\$	\$
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Interest Accrued	\$	\$	\$	\$	\$	\$	\$
4. Interest Reduced							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$
(b) Number of Loans							
(c) Percent Reduced	%	%	%	%	%	%	%
5. Participant or Co-Lender in a Mortgage Loan Agreement							
(a) Recorded Investment	\$	\$	\$	\$	\$	\$	\$

(5) Investment in Impaired Loans with or without Allowance for Credit Losses and Impaired Loans Subject to a Participant or Co-Lender Mortgage Loan Agreement for which the Reporting Entity is Restricted from Unilaterally Foreclosing on the Mortgage Loan:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
<b>a. Current Year</b>							
1. With Allowance for Credit Losses	\$	\$	\$	\$	\$	\$	\$
2. No Allowance for Credit Losses							
3. Total (1 + 2)	\$	\$	\$	\$	\$	\$	\$
4. Subject to a Participant or Co-Lender Mortgage							

## NOTES TO FINANCIAL STATEMENTS

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
Loan Agreement for which the Reporting Entity is Restricted from Unilaterally Foreclosing on the Mortgage Loan							
<b>b. Prior Year</b>							
1. With Allowance for Credit Losses	\$	\$	\$	\$	\$	\$	\$
2. No Allowance for Credit Losses	\$	\$	\$	\$	\$	\$	\$
3. Total (1 + 2)	\$	\$	\$	\$	\$	\$	\$
4. Subject to a Participant or Co-Lender Mortgage Loan Agreement for which the Reporting Entity is Restricted from Unilaterally Foreclosing on the Mortgage Loan	\$	\$	\$	\$	\$	\$	\$

- (6) Investment in Impaired Loans – Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
<b>a. Current Year</b>							
1. Average Recorded Investment	\$	\$	\$	\$	\$	\$	\$
2. Interest Income Recognized	\$	\$	\$	\$	\$	\$	\$
3. Recorded Investments on Nonaccrual Status	\$	\$	\$	\$	\$	\$	\$
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	\$	\$	\$	\$	\$	\$	\$
<b>b. Prior Year</b>							
1. Average Recorded Investment	\$	\$	\$	\$	\$	\$	\$
2. Interest Income Recognized	\$	\$	\$	\$	\$	\$	\$
3. Recorded Investments on Nonaccrual Status	\$	\$	\$	\$	\$	\$	\$
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	\$	\$	\$	\$	\$	\$	\$

- (7) Allowance for Credit Balances:

	Current Year	Prior Year
a. Balance at beginning of period	\$	\$
b. Additions charged to operations		
c. Direct write-downs charged against the allowances		
d. Recoveries of amounts previously charged off		
e. Balance at end of period	\$	\$

- (8) Mortgage Loans Derecognized as a Result of Foreclosure:

	Current Year
a. Aggregate amount of mortgage loans derecognized	\$
b. Real estate collateral recognized	\$
c. Other collateral recognized	\$
d. Receivables recognized from a government guarantee of the foreclosed mortgage loan	\$

- (9) Policy for Recognizing Interest Income on Impaired Loans

**B. Debt Restructuring**

Not Applicable

	Current Year	Prior Year
(1) The total recorded investment in restructured loans, as of year-end	\$	\$
(2) The realized capital losses related to these loans		
(3) Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	\$	\$

## NOTES TO FINANCIAL STATEMENTS

- (4) Creditor's Income Recognition Policy for Interest Income on Impaired Loans

C. Reverse Mortgages

- (1) Description of Accounting Policies and Methods

Not Applicable

- (2) General Information Regarding Commitment Under the Agreement

Not Applicable

- (3) At December 31, the actuarial reserve of \$0 reduced the asset value of the group of reverse mortgages.

- (4) The Company recorded an unrealized loss \$0 as a result of the re-estimates of the cash flows.

D. Loan-Backed Securities

- (1) Description of Sources Used to Determine Prepayment Assumptions

For fixed-rate agency mortgage-backed securities, Clearwater Analytics calculates prepayment speeds utilizing Mortgage Industry Advisory Corporation (MIAC) Mortgage Industry Medians (MIMs). MIMs are derived from a semi-monthly dealer-consensus survey of long-term prepayment projections. For other mortgage-backed, loan-backed, and structured securities, Clearwater utilizes prepayment assumptions from Moody's Analytics. Moody's applies a flat economic credit model and utilizes a vector of multiple monthly speeds as opposed to a single speed for more robust projections. In instances where Moody's projections are not available, Clearwater uses data from Reuters, which utilizes the median prepayment speed from contributors' models.

- (2) Other-Than-Temporary Impairments

Not Applicable

	1 Amortized Cost Basis Before Other-than-Temporary Impairment	2 Other-than-Temporary Impairment Recognized in Loss	3 Fair Value 1 – 2
OTTI Recognized 1 <sup>st</sup> Quarter			
a. Intent to sell	\$	\$	\$
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			
c. Total 1 <sup>st</sup> Quarter	\$	\$	\$
OTTI Recognized 2 <sup>nd</sup> Quarter			
d. Intent to sell	\$	\$	\$
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			
f. Total 2 <sup>nd</sup> Quarter	\$	\$	\$
OTTI Recognized 3 <sup>rd</sup> Quarter			
g. Intent to sell	\$	\$	\$
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			
i. Total 3 <sup>rd</sup> Quarter	\$	\$	\$
OTTI Recognized 4 <sup>th</sup> Quarter			
j. Intent to sell	\$	\$	\$
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis			
l. Total 4 <sup>th</sup> Quarter	\$	\$	\$
m. Annual aggregate total	XXX		XXX

- (3) Recognized OTTI Securities

Not Applicable

CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-Than-Temporary Impairment	Amortized Cost After Other-Than-Temporary Impairment	Fair Value at Time of OTTI	Date of Financial Statement Where Reported
	\$	\$	\$	\$	\$	
Total			\$			

- (4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

## NOTES TO FINANCIAL STATEMENTS

a. The aggregate amount of unrealized losses:	1. Less than 12 Months	\$ 78,854
	2. 12 Months or Longer	\$
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	\$ 9,917,400
	2. 12 Months or Longer	\$

- (5) Information Investor Considered in Reaching Conclusion that Impairments are Not Other-Than-Temporary

Not Applicable

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

- (1) Policy for Requiring Collateral or Other Security

Not Applicable

- (2) Disclose the Carrying Amount and Classification of Both Assets and Liabilities

Not Applicable

- (3) Collateral Received

Not Applicable

a. Aggregate Amount Collateral Received	Fair Value
1. Securities Lending	
(a) Open	\$
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	
(g) Securities Received	
(h) Total Collateral Received	\$
2. Dollar Repurchase Agreement	
(a) Open	\$
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	
(g) Securities Received	
(h) Total Collateral Received	\$
b. The fair value of that collateral and of the portion of that collateral that it has sold or repledged	\$

- c. Information about Sources and Uses of Collateral

- (4) Aggregate Value of the Reinvested Collateral

Not Applicable

- (5) Collateral Reinvestment

Not Applicable

a. Aggregate Amount Collateral Reinvested	Amortized Cost	Fair Value
1. Securities Lending		
(a) Open	\$	\$
(b) 30 Days or Less		
(c) 31 to 60 Days		
(d) 61 to 90 Days		
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater Than 3 Years		
(k) Sub-Total	\$	\$
(l) Securities Received		
(m) Total Collateral Reinvested	\$	\$
2. Dollar Repurchase Agreement		



## NOTES TO FINANCIAL STATEMENTS

a. Aggregate Amount Collateral Reinvested	Amortized Cost	Fair Value
(a) Open	\$	\$
(b) 30 Days or Less		
(c) 31 to 60 Days		
(d) 61 to 90 Days		
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater Than 3 Years		
(k) Sub-Total	\$	\$
(l) Securities Received		
(m) Total Collateral Reinvested	\$	\$

b. Explanation of Additional Sources of Liquidity for Maturity Date Mismatches

(6) Detail on Collateral Transactions Not Permitted by Contract or Custom to Sell or Repledge

Not Applicable

(7) Collateral for Securities Lending Transactions that Extend Beyond One Year from the Reporting Date.

Not Applicable

Description of Collateral	Amount
	\$
Total Collateral extending beyond one year of the reporting date	\$

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing  
Repurchase Transaction – Cash Taker – Overview of Secured Borrowing Transactions

(1) Company Policies or Strategies for Repo Programs

Not Applicable

(2) Type of Repo Trades Used

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Bilateral (YES/NO)				
b. Tri-Party (YES/NO)				

(3) Original (Flow) and Residual Maturity

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Open – No Maturity	\$	\$	\$	\$
2. Overnight	\$	\$	\$	\$
3. 2 Days to 1 Week	\$	\$	\$	\$
4. >1 Week to 1 Month	\$	\$	\$	\$
5. >1 Month to 3 Months	\$	\$	\$	\$
6. >3 Months to 1 Year	\$	\$	\$	\$
7. > 1 Year	\$	\$	\$	\$
b. Ending Balance				
1. Open – No Maturity	\$	\$	\$	\$
2. Overnight	\$	\$	\$	\$
3. 2 Days to 1 Week	\$	\$	\$	\$
4. >1 Week to 1 Month	\$	\$	\$	\$
5. >1 Month to 3 Months	\$	\$	\$	\$
6. >3 Months to 1 Year	\$	\$	\$	\$
7. > 1 Year	\$	\$	\$	\$

(4) Fair Value Securities Sold and/or Acquired that Resulted in Default

Not Applicable

(5) Securities "Sold" Under Repo – Secured Borrowing

Not Applicable

## NOTES TO FINANCIAL STATEMENTS

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. BACV	XXX	XXX	XXX	\$
2. Nonadmitted – Subset of BACV	XXX	XXX	XXX	\$
3. Fair Value	\$	\$	\$	\$
b. Ending Balance				
1. BACV	XXX	XXX	XXX	\$
2. Nonadmitted – Subset of BACV	XXX	XXX	XXX	\$
3. Fair Value	\$	\$	\$	\$

## (6) Securities Sold Under Repo – Secured Borrowing by NAIC Designation

Not Applicable

Ending Balance	1 None	2 NAIC 1	3 NAIC 2	4 NAIC 3
a. Bonds- BACV	\$	\$	\$	\$
b. Bonds- FV				
c. LB & SS- BACV				
d. LB & SS- FV				
e. Preferred Stock- BACV				
f. Preferred Stock- FV				
g. Common Stock				
h. Mortgage Loans- BACV				
i. Mortgage Loans- FV				
j. Real Estate- BACV				
k. Real Estate- FV				
l. Derivatives- BACV				
m. Derivatives- FV				
n. Other Invested Assets- BACV				
o. Other Invested Assets- FV				
p. Total Assets- BACV	\$	\$	\$	\$
q. Total Assets- FV	\$	\$	\$	\$

Ending Balance	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 Nonadmitted
a. Bonds- BACV	\$	\$	\$	\$
b. Bonds- FV				
c. LB & SS- BACV				
d. LB & SS- FV				
e. Preferred Stock- BACV				
f. Preferred Stock- FV				
g. Common Stock				
h. Mortgage Loans- BACV				
i. Mortgage Loans- FV				
j. Real Estate- BACV				
k. Real Estate- FV				
l. Derivatives- BACV				
m. Derivatives- FV				
n. Other Invested Assets- BACV				
o. Other Invested Assets- FV				
p. Total Assets- BACV	\$	\$	\$	\$
q. Total Assets- FV	\$	\$	\$	\$

$$p = a + c + e + g + h + j + l + n \quad q = b + d + f + g + i + k + m + o$$

## (7) Collateral Received – Secured Borrowing

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	\$	\$	\$	\$
b. Ending Balance				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	\$	\$	\$	\$

## (8) Cash &amp; Non-Cash Collateral Received – Secured Borrowing by NAIC Designation

Not Applicable

Ending Balance	1 None	2 NAIC 1	3 NAIC 2	4 NAIC 3
a. Cash	\$	\$	\$	\$
b. Bonds- FV				
c. LB & SS- FV				

## NOTES TO FINANCIAL STATEMENTS

Ending Balance	1 None	2 NAIC 1	3 NAIC 2	4 NAIC 3
d. Preferred Stock- FV				
e. Common Stock				
f. Mortgage Loans- FV				
g. Real Estate- FV				
h. Derivatives- FV				
i. Other Invested Assets- FV				
j. Total Collateral Assets – FV (Sum of a through i)	\$	\$	\$	\$

Ending Balance	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 Does Not Qualify as Admitted
a. Cash	\$	\$	\$	\$
b. Bonds- FV				
c. LB & SS- FV				
d. Preferred Stock- FV				
e. Common Stock				
f. Mortgage Loans- FV				
g. Real Estate- FV				
h. Derivatives- FV				
i. Other Invested Assets- FV				
j. Total Collateral Assets – FV (Sum of a through i)	\$	\$	\$	\$

## (9) Allocation of Aggregate Collateral by Remaining Contractual Maturity

Not Applicable

	Fair Value
a. Overnight and Continuous	\$
b. 30 Days or Less	\$
c. 31 to 90 Days	\$
d. >90 Days	\$

## (10) Allocation of Aggregate Collateral Reinvested by Remaining Contractual Maturity

Not Applicable

	Amortized Cost	Fair Value
a. 30 Days or Less	\$	\$
b. 31 to 60 Days	\$	\$
c. 61 to 90 Days	\$	\$
d. 91 to 120 Days	\$	\$
e. 121 to 180 Days	\$	\$
f. 181 to 365 Days	\$	\$
g. 1 to 2 Years	\$	\$
h. 2 to 3 Years	\$	\$
i. >3 Years	\$	\$

## (11) Liability to Return Collateral – Secured Borrowing (Total)

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash (Collateral – All)	\$	\$	\$	\$
2. Securities Collateral (FV)	\$	\$	\$	\$
b. Ending Balance				
1. Cash (Collateral – All)	\$	\$	\$	\$
2. Securities Collateral (FV)	\$	\$	\$	\$

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing  
 Repurchase Transactions – Cash Provider – Overview of Secured Borrowing Transactions

## (1) Company Policy or Strategies for Engaging in Repo Programs

Not Applicable

## (2) Type of Repo Trades Used

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter

**NOTES TO FINANCIAL STATEMENTS**

a. Bilateral (YES/NO)				
b. Tri-Party (YES/NO)				

## (3) Original (Flow) and Residual Maturity

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Open – No Maturity	\$	\$	\$	\$
2. Overnight	\$	\$	\$	\$
3. 2 Days to 1 Week	\$	\$	\$	\$
4. >1 Week to 1 Month	\$	\$	\$	\$
5. >1 Month to 3 Months	\$	\$	\$	\$
6. >3 Months to 1 Year	\$	\$	\$	\$
7. > 1 Year	\$	\$	\$	\$
b. Ending Balance				
1. Open – No Maturity	\$	\$	\$	\$
2. Overnight	\$	\$	\$	\$
3. 2 Days to 1 Week	\$	\$	\$	\$
4. >1 Week to 1 Month	\$	\$	\$	\$
5. >1 Month to 3 Months	\$	\$	\$	\$
6. >3 Months to 1 Year	\$	\$	\$	\$
7. > 1 Year	\$	\$	\$	\$

## (4) Fair Value Securities Sold and/or Acquired that Resulted in Default

Not Applicable

## (5) Fair Value of Securities Acquired Under Repo – Secured Borrowing

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount	\$	\$	\$	\$
b. Ending Balance	\$	\$	\$	\$

## (6) Securities Acquired Under Repo – Secured Borrowing by NAIC Designation

Not Applicable

Ending Balance	1 None	2 NAIC 1	3 NAIC 2	4 NAIC 3
a. Bonds- FV	\$	\$	\$	\$
b. LB & SS- FV				
c. Preferred Stock- FV				
d. Common Stock				
e. Mortgage Loans- FV				
f. Real Estate- FV				
g. Derivatives- FV				
h. Other Invested Assets- FV				
i. Total Assets- FV (Sum of a through h)	\$	\$	\$	\$

Ending Balance	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 Does Not Qualify as Admitted
a. Bonds- FV	\$	\$	\$	\$
b. LB & SS- FV				
c. Preferred Stock- FV				
d. Common Stock				
e. Mortgage Loans- FV				
f. Real Estate- FV				
g. Derivatives- FV				
h. Other Invested Assets- FV				
i. Total Assets- FV (Sum of a through h)	\$	\$	\$	\$

## (7) Collateral Provided – Secured Borrowing

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	\$	\$	\$	\$
3. Securities (BACV)	XXX	XXX	XXX	XXX
4. Nonadmitted Subset (BACV)	XXX	XXX	XXX	XXX
b. Ending Balance				
1. Cash	\$	\$	\$	\$

## NOTES TO FINANCIAL STATEMENTS

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2. Securities (FV)	\$	\$	\$	\$
3. Securities (BACV)	\$	\$	\$	\$
4. Nonadmitted Subset (BACV)	\$	\$	\$	\$

## (8) Allocation of Aggregate Collateral Pledged by Remaining Contractual Maturity

Not Applicable

	Amortized Cost	Fair Value
a. Overnight and Continuous	\$	\$
b. 30 Days or Less	\$	\$
c. 31 to 90 Days	\$	\$
d. >90 Days	\$	\$

## (9) Recognized Receivable for Return of Collateral – Secured Borrowing

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	\$	\$	\$	\$
B. Ending Balance				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	\$	\$	\$	\$

## (10) Recognized Liability to Return Collateral – Secured Borrowing (Total)

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Repo Securities Sold/Acquired with Cash Collateral	\$	\$	\$	\$
2. Repo Securities Sold/Acquired with Securities Collateral (FV)	\$	\$	\$	\$
b. Ending Balance				
1. Repo Securities Sold/Acquired with Cash Collateral	\$	\$	\$	\$
2. Repo Securities Sold/Acquired with Securities Collateral (FV)	\$	\$	\$	\$

H. Repurchase Agreements Transactions Accounted for as a Sale  
Repurchase Transaction – Cash Taker – Overview of Sale Transactions

## (1) Company Policy or Strategies for Engaging in Repo Programs

Not Applicable

## (2) Type of Repo Trades Used

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Bilateral (YES/NO)				
b. Tri-Party (YES/NO)				

## (3) Original (Flow) &amp; Residual Maturity

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Open – No Maturity	\$	\$	\$	\$
2. Overnight	\$	\$	\$	\$
3. 2 Days to 1 Week	\$	\$	\$	\$
4. >1 Week to 1 Month	\$	\$	\$	\$
5. >1 Month to 3 Months	\$	\$	\$	\$
6. >3 Months to 1 Year	\$	\$	\$	\$
7. > 1 Year	\$	\$	\$	\$
b. Ending Balance				
1. Open – No Maturity	\$	\$	\$	\$
2. Overnight	\$	\$	\$	\$
3. 2 Days to 1 Week	\$	\$	\$	\$

## NOTES TO FINANCIAL STATEMENTS

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
4. >1 Week to 1 Month	\$	\$	\$	\$
5. >1 Month to 3 Months	\$	\$	\$	\$
6. >3 Months to 1 Year	\$	\$	\$	\$
7. > 1 Year	\$	\$	\$	\$

## (4) Fair Value Securities Sold and/or Acquired that Resulted in Default

Not Applicable

## (5) Securities "Sold" Under Repo – Sale

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. BACV	XXX	XXX	XXX	\$
2. Nonadmitted – Subset of BACV	XXX	XXX	XXX	\$
3. Fair Value	\$	\$	\$	\$
b. Ending Balance				
1. BACV	XXX	XXX	XXX	\$
2. Nonadmitted – Subset of BACV	XXX	XXX	XXX	\$
3. Fair Value	\$	\$	\$	\$

## (6) Securities Sold Under Repo – Sale by NAIC Designation

Not Applicable

Ending Balance	1 None	2 NAIC 1	3 NAIC 2	4 NAIC 3
a. Bonds-BACV	\$	\$	\$	\$
b. Bonds-FV				
c. LB & SS-BACV				
d. LB & SS-FV				
e. Preferred Stock-BACV				
f. Preferred Stock-FV				
g. Common Stock				
h. Mortgage Loans-BACV				
i. Mortgage Loans-FV				
j. Real Estate-BACV				
k. Real Estate-FV				
l. Derivatives-BACV				
m. Derivatives-FV				
n. Other Invested Assets-BACV				
o. Other Invested Assets-FV				
p. Total Assets-BACV	\$	\$	\$	\$
q. Total Assets-FV	\$	\$	\$	\$

Ending Balance	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 Nonadmitted
a. Bonds-BACV	\$	\$	\$	\$
b. Bonds-FV				
c. LB & SS-BACV				
d. LB & SS-FV				
e. Preferred Stock-BACV				
f. Preferred Stock-FV				
g. Common Stock				
h. Mortgage Loans-BACV				
i. Mortgage Loans-FV				
j. Real Estate-BACV				
k. Real Estate-FV				
l. Derivatives-BACV				
m. Derivatives-FV				
n. Other Invested Assets-BACV				
o. Other Invested Assets-FV				
p. Total Assets-BACV	\$	\$	\$	\$
q. Total Assets-FV	\$	\$	\$	\$

$$p = a + c + e + g + h + j + l + n \quad q = b + d + f + g + i + k + m + o$$

## (7) Proceeds Received – Sale

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	\$	\$	\$	\$
3. Nonadmitted	\$	\$	\$	\$

**NOTES TO FINANCIAL STATEMENTS**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
b. Ending Balance				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	\$	\$	\$	\$
3. Nonadmitted	\$	\$	\$	\$

## (8) Cash &amp; Non-Cash Collateral Received – Sale by NAIC Designation

Not Applicable

Ending Balance	1 None	2 NAIC 1	3 NAIC 2	4 NAIC 3
a. Bonds-FV	\$	\$	\$	\$
b. LB & SS-FV				
c. Preferred Stock-FV				
d. Common Stock				
e. Mortgage Loans-FV				
f. Real Estate-FV				
g. Derivatives-FV				
h. Other Invested Assets-FV				
i. Total Assets-FV (Sum of a through h)	\$	\$	\$	\$

Ending Balance	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 Nonadmitted
a. Bonds-FV	\$	\$	\$	\$
b. LB & SS-FV				
c. Preferred Stock-FV				
d. Common Stock				
e. Mortgage Loans-FV				
f. Real Estate-FV				
g. Derivatives-FV				
h. Other Invested Assets-FV				
i. Total Assets-FV (Sum of a through h)	\$	\$	\$	\$

## (9) Recognized Forward Resale Commitment

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount	\$	\$	\$	\$
b. Ending Balance	\$	\$	\$	\$

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale  
Repurchase Transaction – Cash Provider – Overview of Sale Transactions

## (1) Company Policy or Strategies for Engaging in Repo Programs

Not Applicable

## (2) Type of Repo Trades Used

Not Applicable

	1 First Quarter	2 Second Quarter	3 Third Quarter	4 Fourth Quarter
a. Bilateral (YES/NO)				
b. Tri-Party (YES/NO)				

## (3) Original (Flow) &amp; Residual Maturity

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Open – No Maturity	\$	\$	\$	\$
2. Overnight	\$	\$	\$	\$
3. 2 Days to 1 Week	\$	\$	\$	\$
4. >1 Week to 1 Month	\$	\$	\$	\$
5. >1 Month to 3 Months	\$	\$	\$	\$
6. >3 Months to 1 Year	\$	\$	\$	\$
7. > 1 Year	\$	\$	\$	\$
b. Ending Balance				
1. Open – No Maturity	\$	\$	\$	\$
2. Overnight	\$	\$	\$	\$
3. 2 Days to 1 Week	\$	\$	\$	\$

## NOTES TO FINANCIAL STATEMENTS

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
4. >1 Week to 1 Month	\$	\$	\$	\$
5. >1 Month to 3 Months	\$	\$	\$	\$
6. >3 Months to 1 Year	\$	\$	\$	\$
7. > 1 Year	\$	\$	\$	\$

## (4) Fair Value Securities Sold and/or Acquired that Resulted in Default

Not Applicable

## (5) Securities Acquired Under Repo – Sale

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. BACV	XXX	XXX	XXX	\$
2. Nonadmitted – Subset of BACV	XXX	XXX	XXX	\$
3. Fair Value	\$	\$	\$	\$
b. Ending Balance				
1. BACV	XXX	XXX	XXX	\$
2. Nonadmitted – Subset of BACV	XXX	XXX	XXX	\$
3. Fair Value	\$	\$	\$	\$

## (6) Securities Acquired Under Repo – Sale by NAIC Designation

Not Applicable

Ending Balance	1 None	2 NAIC 1	3 NAIC 2	4 NAIC 3
a. Bonds-BACV	\$	\$	\$	\$
b. Bonds-FV				
c. LB & SS-BACV				
d. LB & SS-FV				
e. Preferred Stock-BACV				
f. Preferred Stock-FV				
g. Common Stock				
h. Mortgage Loans-BACV				
i. Mortgage Loans-FV				
j. Real Estate-BACV				
k. Real Estate-FV				
l. Derivatives-BACV				
m. Derivatives-FV				
n. Other Invested Assets-BACV				
o. Other Invested Assets-FV				
p. Total Assets-BACV	\$	\$	\$	\$
q. Total Assets-FV	\$	\$	\$	\$

Ending Balance	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 Nonadmitted
a. Bonds-BACV	\$	\$	\$	\$
b. Bonds-FV				
c. LB & SS-BACV				
d. LB & SS-FV				
e. Preferred Stock-BACV				
f. Preferred Stock-FV				
g. Common Stock				
h. Mortgage Loans-BACV				
i. Mortgage Loans-FV				
j. Real Estate-BACV				
k. Real Estate-FV				
l. Derivatives-BACV				
m. Derivatives-FV				
n. Other Invested Assets-BACV				
o. Other Invested Assets-FV				
p. Total Assets-BACV	\$	\$	\$	\$
q. Total Assets-FV	\$	\$	\$	\$

$$p = a + c + e + g + h + j + l + n \quad q = b + d + f + g + i + k + m + o$$

## (7) Proceeds Provided – Sale

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	\$	\$	\$	\$
3. Securities (BACV)	XXX	XXX	XXX	XXX



## NOTES TO FINANCIAL STATEMENTS

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
4. Nonadmitted Subset	XXX	XXX	XXX	XXX
b. Ending Balance				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	\$	\$	\$	\$
3. Securities (BACV)	\$	\$	\$	\$
4. Nonadmitted Subset	\$	\$	\$	\$

## (8) Recognized Forward Resale Commitment

Not Applicable

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount	\$	\$	\$	\$
b. Ending Balance	\$	\$	\$	\$

## J. Real Estate

## (1) Recognized Impairment Loss

Not Applicable

## (2) Sold or Classified Real Estate Investments as Held for Sale

Not Applicable

## (3) Changes to a Plan of Sale for an Investment in Real Estate

Not Applicable

## (4) Retail Land Sales Operations

Not Applicable

## (5) Real Estate Investments with Participating Mortgage Loan Features

Not Applicable

## K. Low-Income Housing Tax Credits (LIHTC)

## (1) Number of Remaining Years of Unexpired Tax Credits and Holding Period for LIHTC Investments

Not Applicable

## (2) Amount of LIHTC and Other Tax Benefits Recognized

Not Applicable

## (3) Balance of Investment Recognized

Not Applicable

## (4) Regulatory Reviews

Not Applicable

## (5) LIHTC investments which Exceed 10% of Total Admitted Assets

Not Applicable

## (6) Recognized Impairment

Not Applicable

## (7) Amount and Nature of Write-Downs or Reclassifications

Not Applicable

## L. Restricted Assets

## (1) Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Additional Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$	\$ 32,000,000	\$ (32,000,000)	\$	\$	%	%

**NOTES TO FINANCIAL STATEMENTS**

Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Additional Restricted to Total Admitted Assets (b)
b. Collateral held under security lending arrangements						%	%
c. Subject to repurchase agreements						%	%
d. Subject to reverse repurchase agreements						%	%
e. Subject to dollar repurchase agreements						%	%
f. Subject to dollar reverse repurchase agreements						%	%
g. Placed under option contracts						%	%
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock						%	%
i. FHLB capital stock						%	%
j. On deposit with states	149,036	149,817	(781)		149,036	%	%
k. On deposit with other regulatory bodies						%	%
l. Pledged as collateral to FHLB (including assets backing funding agreements)						%	%
m. Pledged as collateral not captured in other categories						%	%
n. Other restricted assets	106,500	106,500			106,500	%	%
<b>o. Total Restricted Assets</b>	<b>\$ 255,536</b>	<b>\$ 32,256,317</b>	<b>\$ (32,000,781)</b>	<b>\$</b>	<b>\$ 255,536</b>	<b>%</b>	<b>%</b>

(a) Column 1 divided by Asset Page, Column 1, Line 28

(b) Column 5 divided by Asset Page, Column 1, Line 28

- (2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate)

Not Applicable

	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Gross (Admitted & Nonadmitted) Restricted to Total Assets	6 Admitted Restricted to Total Admitted Assets
	\$	\$	\$	\$	%	%
<b>Total (a)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>	<b>%</b>

(a) Total Line for Columns 1 through 3 should equal 5L(1)m Columns 1 through 3 respectively and Total Line for Column 4 should equal 5L(1)m Column 5.

- (3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)

	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Gross (Admitted & Nonadmitted) Restricted to Total Assets	6 Admitted Restricted to Total Admitted Assets
High Deductible Workers' Comp - Money Market Fund	\$ 106,500	\$ 106,500	\$	\$ 106,500	%	%
<b>Total (a)</b>	<b>\$ 106,500</b>	<b>\$ 106,500</b>	<b>\$</b>	<b>\$ 106,500</b>	<b>%</b>	<b>%</b>

(a) Total Line for Columns 1 through 3 should equal 5L(1)n Columns 1 through 3 respectively and Total Line for Column 4 should equal 5L(1)n Column 5.

- (4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Not Applicable

Collateral Assets	1 Book/Adjusted Carrying Value (BACV)	2 Fair Value	3 % of BACV to Total Assets (Admitted and Nonadmitted) *	4 % of BACV to Total Admitted Assets **
a. Cash, Cash Equivalents and Short-Term Investments	\$	\$	%	%
b. Schedule D, Part 1			%	%
c. Schedule D, Part 2, Sec. 1			%	%
d. Schedule D, Part 2, Sec. 2			%	%
e. Schedule B			%	%

## NOTES TO FINANCIAL STATEMENTS

Collateral Assets	1 Book/Adjusted Carrying Value (BACV)	2 Fair Value	3 % of BACV to Total Assets (Admitted and Nonadmitted) *	4 % of BACV to Total Admitted Assets **
f. Schedule A			%	%
g. Schedule BA, Part 1			%	%
h. Schedule DL, Part 1			%	%
i. Other			%	%
j. Total Collateral Assets (a+b+c+d+e+f+g+i)	\$	\$	%	%

\* Column 1 divided by Asset Page, Line 26 (Column 1)

\*\* Column 1 divided by Asset Page, Line 26, (Column 3)

	1 Amount	2 % of Liability to Total Liabilities
k. Recognized Obligation to Return Collateral Asset	\$	%

\* Column 1 divided by Liability Page, Line 24 (Column 3)

## M. Working Capital Finance Investments

- (1) Aggregate Working Capital Finance Investments (WCFI) Book/Adjusted Carrying Value by NAIC Designation:

Not Applicable

	Gross Asset Current	Non-admitted Asset Current	Net Admitted Asset Current
a. WCFI Designation 1	\$	\$	\$
b. WCFI Designation 2			
c. WCFI Designation 3			
d. WCFI Designation 4			
e. WCFI Designation 5			
f. WCFI Designation 6			
g. Total	\$	\$	\$

- (2) Aggregate Maturity Distribution on the Underlying Working Capital Finance Programs

Not Applicable

	Book/Adjusted Carrying Value
a. Up to 180 Days	\$
b. 181 to 365 Days	
c. Total	\$

T05L029901;99;NINVEST:WORKCAP;D

- (3) Any Events of Default or Working Capital Finance Investments

Not Applicable

## N. Offsetting and Netting of Assets and Liabilities

Not Applicable

	Gross Amount Recognized	Amount Offset*	Net Amount Presented on Financial Statements
(1) Assets	\$	\$	\$
(2) Liabilities	\$	\$	\$

\* For derivative assets and derivative liabilities, the amount of offset shall agree to Schedule DB, Part D, Section 1.

## O. 5GI Securities

Not Applicable

	Number of 5GI Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bonds – AC			\$	\$	\$	\$

## NOTES TO FINANCIAL STATEMENTS

Investment	Number of 5GI Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(2) Bonds – FV						
(3) LB & SS – AC						
(4) LB & SS – FV						
(5) Preferred Stock – AC						
(6) Preferred Stock – FV						
(7) Total (1+2+3+4+5+6)			\$	\$	\$	\$

AC – Amortized Cost

FV – Fair Value

## P. Short Sales

Not Applicable

## (1) Unsettled Short Sale Transactions (Outstanding as of Reporting Date)

	Proceeds Received	Current Fair Value of Securities Sold Short	Unrealized Gain or Loss	Expected Settlement (# of Days)	Fair Value of Short Sales Exceeding (or expected to exceed) 3 Settlement Days	Fair Value of Short Sales Expected to be Settled by Secured Borrowing
(a) Bonds	\$	\$	\$		\$	\$
(b) Preferred Stock						
(c) Common Stock						
(d) Totals (a+b+c)	\$	\$	\$	XXX	\$	\$

## (2) Settled Short Sale Transactions

	Proceeds Received	Current Fair Value of Securities Sold Short	Realized Gain or Loss on Transaction	Fair Value of Short Sales That Exceeded 3 Settlement Days	Fair Value of Short Sales Settled by Secured Borrowing
(a) Bonds	\$	\$	\$	\$	\$
(b) Preferred Stock					
(c) Common Stock					
(d) Totals (a+b+c)	\$	\$	\$	\$	\$

## Q. Prepayment Penalty and Acceleration Fees

(1) Number of CUSIPs	3
(2) Aggregate Amount of Investment Income	\$ 19,041

**Note 6 – Joint Ventures, Partnerships and Limited Liability Companies**

## A. Investments in Joint Ventures, Partnerships and Limited Liability Companies that Exceed 10% of Ownership

The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

## B. Investments in Impaired Joint Ventures, Partnerships and Limited Liability Companies

The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

**Note 7 – Investment Income**

## A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued:

All investment income due and accrued is included in investment income.

## B. The total amount excluded:

The total amount excluded was -0-.

**Note 8 – Derivative Instruments**

## NOTES TO FINANCIAL STATEMENTS

### A. Derivatives Under SSAP No. 86 – Derivatives

- (1) Market Risk, Credit Risk and Cash Requirements

Not Applicable

- (2) Objectives for Derivative Use

Not Applicable

- (3) Accounting Policies for Recognition and Measurement

Not Applicable

- (4) Identification of Whether Derivative Contracts with Financing Premiums

Not Applicable

- (5) Net Gain or Loss Recognized

Not Applicable

- (6) Net Gain or Loss Recognized from Derivatives that no Longer Qualify for Hedge Accounting

Not Applicable

- (7) Derivatives Accounted for as Cash Flow Hedges

(a)

Not Applicable

(b)

Not Applicable

- (8) Total Premium Costs for Contracts

a.	Scheduled Amortization Fiscal Year	Derivative Premium Payments Due
1.	2020	\$
2.	2021	
3.	2022	
4.	2023	
5.	Thereafter	
6.	Total Future Settled Premiums	\$

b.	Undiscounted Future Premium Commitments	Derivative Fair Value with Premium Commitments (Reported on DB)	Derivative Fair Value Excluding Impact of Future Settled Premiums
1.	Prior Year	\$	\$
2.	Current Year	\$	\$

### B. Derivatives under SSAP No. 108 – Derivatives Hedging Variable Annuity Guarantees

- (1) Discussion of Hedged Item/Hedging Instruments and Hedging Strategy

Not Applicable

- (2) Recognition of Gains/Losses and Deferred Assets and Liabilities

Not Applicable

#### a. Scheduled Amortization

Amortization Year	Deferred Assets	Deferred Liabilities
1. 2020	\$	\$
2. 2021		
3. 2022		
4. 2023		
5. 2024		
6. 2025		
7. 2026		
8. 2027		
9. 2028		

## NOTES TO FINANCIAL STATEMENTS

10. 2029		
11. Total	\$	\$

## b. Total Deferred Balance

(Should agree to column 19 of Schedule DB, Part E)	\$
--	----

## c. Reconciliation of Amortization

1. Prior year total deferred balance	\$
2. Current year amortization	
3. Current year deferred recognition	
4. Ending deferred balance [(1)-(2+3)]	\$

## d. Open Derivative Removed from SSAP No. 108 and Captured in Scope of SSAP No. 86

1. Total derivative fair value change	\$
2. Change in fair value reflected as a natural offset to VM21 liability under SSAP No. 108	
3. Change in fair value reflected as a deferred asset/liability under SSAP No. 108	
4. Other changes	
5. Unrealized gain/loss recognized for derivative under SSAP No. 86 [1-(sum of 2 through 4)]	\$

## e. Open Derivative Removed from SSAP No. 86 and Captured in Scope of SSAP No. 108

1. Total derivative fair value change	\$
2. Unrealized gain/loss prior to the reclassification to SSAP No. 108	
3. Other changes	
4. Fair value change available for application under SSAP No. 108 [1-(2+3)]	

## (3) Hedging Strategies Identified as No Longer Highly Effective

## a. Information on Determination of Ineffectiveness, Including Variations from Prior Assessments Resulting in the Change from Classification as a Highly Effective Hedge

Not Applicable

## b. Details of Hedging Strategies Identified as No Longer Highly Effective

Unique Identifier	Date Domiciliary State Notified	Amortization (# of Years) 5 or Less	Recognized Deferred Assets	Recognized Deferred Liabilities
0		0	\$	\$

## c. Amortization

Amortization Year	Recognized Deferred Assets	Recognized Deferred Liabilities	Accelerated Amortization	Original Amortization
1. 2020	\$	\$	\$	\$
2. 2021	\$	\$	\$	\$
3. 2022	\$	\$	\$	\$
4. 2023	\$	\$	\$	\$
5. 2024	\$	\$	\$	\$
6. Total Adjusted Amortization				\$

## d. Disclosure on Whether the Reporting Entity is Electing to Accelerate Amortization

Not Applicable

## (4) Hedging Strategies Terminated

## a. Key Elements in the Reporting Entity's Decision to Terminate

Not Applicable

## b. Details of Hedging Strategies Terminated

Unique Identifier	Date Domiciliary State Notified	Amortization (# of Years) 5 or Less	Recognized Deferred Assets	Recognized Deferred Liabilities
0		\$	\$	\$

## c. Amortization

Amortization Year	Recognized Deferred Assets	Recognized Deferred Liabilities	Accelerated Amortization	Original Amortization
1. 2020	\$	\$	\$	\$
2. 2021	\$	\$	\$	\$
3. 2022	\$	\$	\$	\$
4. 2023	\$	\$	\$	\$

## NOTES TO FINANCIAL STATEMENTS

5. 2024	\$	\$	\$	\$
6. Total Adjusted Amortization				\$

d. Disclosure on Whether the Reporting Entity is Electing to Accelerate Amortization

Not Applicable

### Note 9 – Income Taxes

#### A. Deferred Tax Assets/(Liabilities)

##### 1. Components of Net Deferred Tax Asset/(Liability)

	2019			2018			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$110,819,072	\$ 982,303	\$111,801,375	\$102,165,437	\$ 789,724	\$102,955,161	\$ 8,653,635	\$ 192,579	\$ 8,846,214
b. Statutory valuation allowance adjustment				1,522,500		1,522,500	(1,522,500)		(1,522,500)
c. Adjusted gross deferred tax assets (1a-1b)	\$110,819,072	\$ 982,303	\$111,801,375	\$100,642,937	\$ 789,724	\$101,432,661	\$ 10,176,135	\$ 192,579	\$ 10,368,714
d. Deferred tax assets nonadmitted	50,747,463		50,747,463	53,209,642		53,209,642	(2,462,179)		(2,462,179)
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 60,071,609	\$ 982,303	\$ 61,053,912	\$ 47,433,295	\$ 789,724	\$ 48,223,019	\$ 12,638,314	\$ 192,579	\$ 12,830,893
f. Deferred tax liabilities	1,450,134	12,698,479	14,148,613	1,301,940	13,351,920	14,653,860	148,194	(653,441)	(505,247)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 58,621,475	\$(11,716,176)	\$ 46,905,299	\$ 46,131,355	\$(12,562,196)	\$ 33,569,159	\$ 12,490,120	\$ 846,020	\$ 13,336,140

##### 2. Admission Calculation Components SSAP No. 101

	2019			2018			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 46,905,300		\$ 46,905,300	\$ 30,798,193		\$ 30,798,193	\$ 16,107,107		\$ 16,107,107
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)				2,770,967		2,770,967	(2,770,967)		(2,770,967)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date				2,770,967		2,770,967	(2,770,967)		(2,770,967)
2. Adjusted gross deferred tax assets allowed per limitation threshold						2,770,967			(2,770,967)
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	13,166,310	982,303	14,148,613	13,864,136	789,724	14,653,860	(697,826)	192,579	(505,247)
d. Deferred tax assets admitted as the result of application	\$ 60,071,610	\$ 982,303	\$ 61,053,913	\$ 47,433,296	\$ 789,724	\$ 48,223,020	\$ 12,638,314	\$ 192,579	\$ 12,830,893

## NOTES TO FINANCIAL STATEMENTS

	2019	2018	Change
	1 Ordinary	2 Capital	3 (Col 1+2) Total
	4 Ordinary	5 Capital	6 (Col 4+5) Total
	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
of SSAP 101. Total (2(a)+2(b)+2(c))			

## 3. Other Admissibility Criteria

	2019	2018
a. Ratio percentage used to determine recovery period and threshold limitation amount	696.7%	760.1%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 823,421,541	\$ 737,806,812

## 4. Impact of Tax Planning Strategies

## (a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	2019		2018		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 110,819,072	\$ 982,303	\$ 100,642,937	\$ 789,724	\$ 10,176,135	\$ 192,579
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	%	%	%	%	%	%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 60,071,609	\$ 982,303	\$ 47,433,295	\$ 789,724	\$ 12,638,314	\$ 192,579
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	%	%	%	%	%	%

(b) Does the company's tax planning strategies include the use of reinsurance? NO

## B. Deferred Tax Liabilities Not Recognized

Not applicable

## C. Current and Deferred Income Taxes

## 1. Current Income Tax

	1 2019	2 2018	3 (Col 1-2) Change
a. Federal	\$ 31,120,058	\$ 49,760,046	\$ (18,639,988)
b. Foreign	\$	\$	\$
c. Subtotal	\$ 31,120,058	\$ 49,760,046	\$ (18,639,988)
d. Federal income tax on net capital gains	\$ (561,815)	\$ 3,275,008	\$ (3,836,823)
e. Utilization of capital loss carry-forwards	\$	\$	\$
f. Other	\$ (3,040,785)	\$ (2,808,734)	\$ (232,051)
g. Federal and Foreign income taxes incurred	\$ 27,517,458	\$ 50,226,320	\$ (22,708,862)

## 2. Deferred Tax Assets

	1 2019	2 2018	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 767,788	\$ 762,084	\$ 5,704
2. Unearned premium reserve			
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs	288,862	436,272	(147,410)
6. Policyholder dividends accrual			
7. Fixed assets	4,950,836	4,889,058	61,778
8. Compensation and benefits accrual	44,395,406	41,162,866	3,232,540
9. Pension accrual			



**NOTES TO FINANCIAL STATEMENTS**

	1 2019	2 2018	3 (Col 1-2) Change
10. Receivables - nonadmitted	15,849,008	12,869,335	2,979,673
11. Net operating loss carry-forward			
12. Tax credit carry-forward		2,770,967	(2,770,967)
13. Other (items <=5% and >5% of total ordinary tax assets)	44,567,172	39,274,855	5,292,317
Other (items listed individually >5% of total ordinary tax assets)			
99. Subtotal	\$ 110,819,072	\$ 102,165,437	\$ 8,653,635
b. Statutory valuation allowance adjustment		1,522,500	(1,522,500)
c. Nonadmitted	50,747,463	53,209,642	(2,462,179)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 60,071,609	\$ 47,433,295	\$ 12,638,314
e. Capital:			
1. Investments	\$ 982,303	\$ 789,724	\$ 192,579
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <=5% and >5% of total capital tax assets)			
Other (items listed individually >5% of total capital tax assets)			
99. Subtotal	\$ 982,303	\$ 789,724	\$ 192,579
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	982,303	789,724	192,579
i. Admitted deferred tax assets (2d+2h)	\$ 61,053,912	\$ 48,223,019	\$ 12,830,893

## 3. Deferred Tax Liabilities

	1 2019	2 2018	3 (Col 1-2) Change
a. Ordinary:			
1. Investments	\$ 157,568	\$ 195,270	\$ (37,702)
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <=5% and >5% of total ordinary tax liabilities)	1,292,566	1,106,670	185,896
Other (items listed individually >5% of total ordinary tax liabilities)			
99. Subtotal	\$ 1,450,134	\$ 1,301,940	\$ 148,194
b. Capital:			
1. Investments	\$ 12,698,479	\$ 13,351,920	\$ (653,441)
2. Real estate			
3. Other (Items <=5% and >5% of total capital tax liabilities)			
Other (items listed individually >5% of total capital tax liabilities)			
99. Subtotal	\$ 12,698,479	\$ 13,351,920	\$ (653,441)
c. Deferred tax liabilities (3a99+3b99)	\$ 14,148,613	\$ 14,653,860	\$ (505,247)
4. Net Deferred Tax Assets/Liabilities (2i - 3c)	\$ 46,905,299	\$ 33,569,159	\$ 13,336,140

## D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

	Amount	Effective Tax Rate (%)
<b>Permanent Differences:</b>		
Provision computed at statutory rate	\$ 23,533,239	21.0%
Change in nonadmitted assets		%
Proration of tax exempt investment income	1,130,602	1.0%
Tax exempt income deduction	(287,780)	(0.3)%
Dividends received deduction	(4,234,627)	(3.8)%
Disallowed travel and entertainment	124,476	0.1%
Other permanent differences	1,815,752	1.6%
<b>Temporary Differences:</b>		
Total ordinary DTAs		%
Total ordinary DTLs		%
Total capital DTAs		%
Total capital DTLs		%
<b>Other:</b>		
Statutory valuation allowance adjustment	(1,522,500)	(1.4)%
Accrual adjustment - prior year	149,994	0.1%
Other	(3,185,766)	(2.8)%
Totals	\$ 17,523,390	15.6%
Federal and foreign income taxes incurred	28,079,273	25.1%
Realized capital gains (losses) tax	(561,815)	(0.5)%

## NOTES TO FINANCIAL STATEMENTS

	Amount	Effective Tax Rate (%)
Change in net deferred income taxes	(9,994,068)	(8.9)%
Total statutory income taxes	\$ 17,523,390	15.6%

E. Operating Loss Carry Forwards and Income Taxes Available for Recoupment

1. The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes:

At December 31, 2019, the Company did not have any unused operating loss carryforwards available to offset against future taxable income

2. The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses:

Year	Amounts
2019	\$30,558,244
2018	\$50,376,363

3. The Company's aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code  
0

F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities:

USAbLe Mutual Insurance Company  
USAbLe Corporation  
Group Service Underwriters Inc  
USAbLe Partners LLC

2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:

The method of allocation among companies is subject to a written agreement, approved by the required authorized officers. The method of allocation chosen is in accordance with IRS Regulation 1.1502-33(d)(2)(i) whereby profitable companies pay tax according to their income or losses. Intercompany tax balances are paid quarterly based on estimates and settled annual upon completion of the consolidated tax return.

G. Federal or Foreign Federal Income Tax Loss Contingencies:

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date

H. Repatriation Transition Tax (RTT) - RTT owed under the TCJA

Not applicable

I. Alternative Minimum Tax Credit

Was the AMT Credit recognized as a current year recoverable or Deferred Tax Asset (DTA)?      DTA

Gross AMT Credit Recognized as:

1a	Current year recoverable	\$
1b	Deferred tax asset (DTA)	
2	Beginning Balance of AMT Credit Carryforward	5,541,934
3	Amounts Recovered	5,541,934
4	Adjustments	
5	Ending Balance of AMT Credit Carryforward (5=2-3-4)	
6	Reduction for Sequestration	
7	Nonadmitted by Reporting Entity	
8	Reporting Entity Ending Balance (8=5-6-7)	\$

**Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

A. Nature of the Relationship Involved

USAbLe Mutual Insurance Company, d.b.a. Arkansas Blue Cross Blue Shield, owns 100% of USAbLe Corporation, 20% of Partnership for a Healthy Arkansas, LLC, and 50% of HMO Partners, Inc. The Company owns 43.07% of LSV, LLC. LSV, LLC owns 100% of USAbLe Life. As of December 31, 2019, USAbLe Corporation owns 100% of Pinnacle Insurance Agency, 100% of USAbLe Partners, LLC 50% of Medsite Health Mgmt, LLC, and 10% of New Directions Behavioral Health Holding Company, LLC.

B. Transactions

Not Applicable

C. Dollar Amounts of Transactions

**NOTES TO FINANCIAL STATEMENTS**

Not Applicable

## D. Amounts Due From or To Related Parties

At December 31, 2019, the Company reported the following admitted amounts due from Affiliates:

HMO Partners, Inc.	\$11,965,015
USAbLe Corporation	523,665
Blue & You Foundation	73,326
USAbLe Partners, LLC	9,974
USAbLe Life	17,740
Medsite Health Management, LLC	8,188
Total	\$12,597,908

At December 31, 2019, the Company reported the following amounts due to Affiliates:

USAbLe Corporation	\$ 135,754
USAbLe Life	7,317
Total	\$ 143,072

## E. Guarantees or Undertakings

Not Applicable

## F. Material Management or Service Contracts and Cost-Sharing Arrangements

Not Applicable

## G. Nature of the Control Relationship

Not Applicable

## H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned

Not Applicable

## I. Investments in SCA that Exceed 10% of Admitted Assets

Not Applicable

## J. Investments in Impaired SCAs

Not Applicable

## K. Investment in Foreign Insurance Subsidiary

Not Applicable

## L. Investment in Downstream Noninsurance Holding Company

Not Applicable

## M. All SCA Investments

Not Applicable

## (1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
	%	\$	\$	\$
Total SSAP No. 97 8a Entities	XXX	\$	\$	\$
b. SSAP No. 97 8b(ii) Entities				
	%	\$	\$	\$
Total SSAP No. 97 8b(ii) Entities	XXX	\$	\$	\$
c. SSAP No. 97 8b(iii) Entities				
USAbLe Corporation	100%	347,225,426	347,225,426	\$

**NOTES TO FINANCIAL STATEMENTS**

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
Partnership for a Healthier Arkansas, LLC	20%	99,082	99,082	\$
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 347,324,508	347,324,508	\$
d. SSAP No. 97 8b(iv) Entities				
	%	\$	\$	\$
Total SSAP No. 97 8b(iv) Entities	XXX	\$	\$	\$
e. Total SSAP No. 97 8b Entities (except 8b(i) entities) (b + c + d)	XXX	\$ 347,324,508	\$ 347,324,508	\$
f. Aggregate Total (a + e)	XXX	\$ 347,324,508	\$ 347,324,508	\$

(2) NAIC Filing Response Information

SCA Entity (Should be the same entities as shown in M(1) above)	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method Resubmission Required Y/N	Code**
a. SSAP No. 97 8a Entities			\$			
Total SSAP No. 97 8a Entities	XXX	XXX	\$	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities			\$			
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	\$	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities			\$			
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	\$	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities			\$			
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	\$	XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (except 8b(i) entities) (b + c + d)	XXX	XXX	\$	XXX	XXX	XXX
f. Aggregate Total (a + e)	XXX	XXX	\$	XXX	XXX	XXX

\* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing

\*\* I – Immaterial or M – Material

N. Investment in Insurance SCAs

Not Applicable

(1) Accounting Practice that Differs from NAIC Statutory Accounting Practices and Procedures

(2) Monetary Effect on Net Income and Surplus

SCA Entity (Investments in Insurance SCA Entities)	Monetary Effect On NAIC SAP		Amount of Investment	
	Net Income Increase (Decrease)	Surplus Increase (Decrease)	Per Audited Statutory Equity	If the Insurance SCA Had Completed Statutory Financial Statements*
	\$	\$	\$	\$

\* Per AP&P Manual (without permitted or prescribed practices)

(3) RBC Regulatory Event Because of Prescribed or Permitted Practice

O. SCA or SSAP 48 Entity Loss Tracking

Not Applicable

SCA Entity	Reporting Entity's Share of Net Income (Loss)	Accumulated Share of Net Income (Losses)	Reporting Entity's Share of Equity, Including Negative Equity	Guaranteed Obligation / Commitment for Financial Support (Yes/No)	Reported Value
	\$	\$	\$		\$

**Note 11 – Debt**

A. Debt Including Capital Notes

Not Applicable

B. FHLB (Federal Home Loan Bank) Agreements

## NOTES TO FINANCIAL STATEMENTS

## (1) Nature of the Agreement

The Company is a member of the Federal Home Loan Bank (FHLB) of Dallas. Through its membership, the Company has the ability to conduct business activity (borrowings) with the FHLB. It is part of the Company's strategy to utilize these funds as operational liquidity. (For example backup liquidity, to increase profitability and/or tactical funding and/or to improve spread lending liquidity.) The Company has determined the actual/estimated maximum borrowing capacity as \$ 100,000,000, The Company calculated this amount in accordance with current and potential acquisitions of FHLB capital stock.

## (2) FHLB Capital Stock

## a. Aggregate Totals

## 1. Current Year

	Total
(a) Membership Stock – Class A	\$ 703,700
(b) Membership Stock – Class B	
(c) Activity Stock	
(d) Excess Stock	
(e) Aggregate Total (a+b+c+d)	\$ 703,700
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 100,000,000

## 2. Prior Year-End

	Total
(a) Membership Stock – Class A	\$
(b) Membership Stock – Class B	
(c) Activity Stock	
(d) Excess Stock	
(e) Aggregate Total (a+b+c+d)	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)

11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

## b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

	1	2	Eligible for Redemption			
			3	4	5	6
Membership Stock	Current Year Total (2+3+4+5+6)	Not Eligible for Redemption	Less than 6 Months	6 Months to Less Than 1 Year	1 to Less Than 3 Years	3 to 5 Years
1. Class A	\$ 703,700	\$ 703,700	\$	\$	\$	\$
2. Class B	\$	\$	\$	\$	\$	\$

11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)

11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)

## (3) Collateral Pledged to FHLB

Not Applicable

## a. Amount Pledged as of Reporting Date (Current Year0

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
Current Year Total Collateral Pledged	\$	\$	\$
Prior Year Total Collateral Pledged	\$	\$	\$

11B(3)a1 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b1 (Columns 1, 2 and 3, respectively)

11B(3)a2 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b2 (Columns 1, 2 and 3, respectively)

## b. Maximum Amount Pledged During Year

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
Current Year Total Maximum Collateral Pledged	\$	\$	\$
Prior Year Total Maximum Collateral Pledged	\$	\$	\$

## (4) Borrowing from FHLB

Not Applicable

## a. Amount as of the Reporting Date

## 1. Current Year

	1 Total	2 Funding Agreements Reserves Established
(a) Debt	\$	XXX
(b) Funding Agreements		\$
(c) Other		XXX
(d) Aggregate Total (a+b+c)	\$	\$

## 2. Prior Year

## NOTES TO FINANCIAL STATEMENTS

	1 Total	2 Funding Agreements Reserves Established
(a) Debt	\$	XXX
(b) Funding Agreements		\$
(c) Other		XXX
(d) Aggregate Total (a+b+c)	\$	\$

## b. Maximum Amount During Reporting Period (Current Year)

	Total
1. Debt	\$
2. Funding Agreements	
3. Other	
4. Aggregate Total (Lines 1+2+3)	\$

11B(4)b4 should be equal to or greater than 11B(4)a1(d)

## c. FHLB – Prepayment Obligations

	Does the Company have Prepayment Obligations under the Following Arrangements (YES/NO)
1. Debt	
2. Funding Agreements	
3. Other	

### Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

## A. Defined Benefit Plan

## (1) Change in Benefit Obligation

	Overfunded		Underfunded	
	2019	2018	2019	2018
<b>a. Pension Benefits</b>				
1. Benefit obligation at beginning of year	\$	\$	\$	\$
2. Service cost				
3. Interest cost				
4. Contribution by plan participants				
5. Actuarial gain (loss)				
6. Foreign currency exchange rate changes				
7. Benefits paid				
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
10. Benefit obligation at end of year	\$	\$	\$	\$
<b>b. Postretirement Benefits</b>				
1. Benefit obligation at beginning of year	\$ 139,522,000	\$ 153,975,000	\$	\$
2. Service cost	646,000	836,000		
3. Interest cost	5,774,000	5,387,000		
4. Contribution by plan participants				
5. Actuarial gain (loss)	14,531,000	(15,328,000)		
6. Foreign currency exchange rate changes				
7. Benefits paid	5,466,000	5,348,000		
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
10. Benefit obligation at end of year	\$ 155,007,000	\$ 139,522,000	\$	\$
<b>c. Special or Contractual Benefits per SSAP No. 11</b>				
1. Benefit obligation at beginning of year	\$	\$	\$	\$
2. Service cost				
3. Interest cost				
4. Contribution by plan participants				
5. Actuarial gain (loss)				
6. Foreign currency exchange rate changes				
7. Benefits paid				
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
10. Benefit obligation at end of year	\$	\$	\$	\$

## NOTES TO FINANCIAL STATEMENTS

## (2) Change in Plan Assets

Not Applicable

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2019	2018	2019	2018	2019	2018
a. Fair value of plan assets at beginning of year	\$	\$	\$	\$	\$	\$
b. Actual return on plan assets						
c. Foreign currency exchange rate changes						
d. Reporting entity contribution						
e. Plan participants' contributions						
f. Benefits paid						
g. Business combinations, divestitures and settlements						
h. Fair value of plan assets at end of year	\$	\$	\$	\$	\$	\$

## (3) Funded Status

Not Applicable

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
a. Components				
1. Prepaid benefit costs	\$	\$	\$	\$
2. Overfunded plans assets	\$	\$	\$	\$
3. Accrued benefit costs	\$	\$	\$	\$
4. Liability for pension benefits	\$	\$	\$	\$
b. Assets and liabilities recognized				
1. Assets (nonadmitted)	\$	\$	\$	\$
2. Liabilities recognized	\$	\$	\$	\$
c. Unrecognized liabilities	\$	\$	\$	\$

## (4) Components of Net Periodic Benefit Cost

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2019	2018	2019	2018	2019	2018
a. Service cost	\$	\$	\$ 646,000	\$ 836,000	\$	\$
b. Interest cost			5,774,000	5,387,000		
c. Expected return on plan assets						
d. Transition asset or obligation						
e. Gains and losses				544,000		
f. Prior service cost or credit			(1,834,000)	(2,614,000)		
g. Gain or loss recognized due to a settlement curtailment						
h. Total net periodic benefit cost	\$	\$	\$ 4,586,000	\$ 4,153,000	\$	\$

## (5) Amounts in Unassigned Funds (Surplus) Recognized as Components of Net Periodic Benefit Cost

Not Applicable

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
a. Items not yet recognized as a component of net periodic cost – prior year	\$	\$	\$	\$
b. Net transition asset or obligation recognized				
c. Net prior service cost or credit arising during the period				
d. Net prior service cost or credit recognized				
e. Net gain and loss arising during the period				
f. Net gain and loss recognized				
g. Items not yet recognized as a component of net periodic cost – current period	\$	\$	\$	\$

## NOTES TO FINANCIAL STATEMENTS

- (6) Amounts in Unassigned Funds (Surplus) That Have Not Yet Been Recognized as Components of Net Periodic Benefit Cost

Not Applicable

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
a. Net transition asset or obligation	\$	\$	\$	\$
b. Net prior service cost or credit	\$	\$	\$	\$
c. Net recognized gains and losses	\$	\$	\$	\$

- (7) Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost as of December 31

	2019	2018
a. Weighted-average discount rate	3.2%	4.2%
b. Expected long-term rate of return on plan assets	%	%
c. Rate of compensation increase	3.5%	3.5%
d. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)	%	%
Weighted-average assumptions used to determine projected benefit obligations as of December 31		
e. Weighted-average discount rate	3.2%	4.2%
f. Rate of compensation increase	3.5%	3.5%
g. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)	%	%

- (8) Accumulated Benefit Obligation for Defined Benefit Pension Plans

Not Applicable

- (9) For Postretirement Benefits Other Than Pensions, the Assumed Health Care Cost Trend Rate(s)

Not Applicable

- (10) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the year indicated:

Year(s)	Amount
a. 2020	\$ 5,592,000
b. 2021	\$ 5,911,000
c. 2022	\$ 6,194,000
d. 2023	\$ 6,606,000
e. 2024	\$ 6,925,000
f. 2025 through 20__	\$ 38,940,000

- (11) Estimate of Contributions Expected to be Paid to the Plan

Not Applicable

- (12) Amounts and Types of Securities Included in Plan Assets

Not Applicable

- (13) Alternative Method Used to Amortize Prior Service Amounts or Net Gains and Losses

Not Applicable

- (14) Substantive Comment Used to Account for Benefit Obligation

Not Applicable

- (15) Cost of Providing Special or Contractual Termination Benefits Recognized

Not Applicable

- (16) Reasons for Significant Gains/Losses Related to Changes in Defined Benefit Obligation and any Other Significant Change in the Benefit Obligations or Plan Assets Not Otherwise Apparent

Not Applicable

- (17) Accumulated Postretirement and Pension Benefit Obligation and Fair Value of Plan Assets for Defined Postretirement and Pension Benefit Plans

Not Applicable



**NOTES TO FINANCIAL STATEMENTS**

(18) Full Transition Surplus Impact of SSAP 102

Not Applicable

B. Investment Policies and Strategies

Not Applicable - Unfunded Plan

C. Fair Value of Plan Assets

Not Applicable - Unfunded Plan

(1) Fair Value Measurements of Plan Assets at Reporting Date

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
	\$	\$	\$	\$
Total Plan Assets	\$	\$	\$	\$

(2) Valuation Technique(s) and Inputs Used to Measure Fair Value

D. Basis Used to Determine Expected Long-Term Rate-of-Return

Not Applicable - Unfunded Plan

E. Defined Contribution Plans

The Company offers an optional 401(k) plan to all eligible employees. The employee has the option of deferring up to 50% of his or her salary. The Company matches the amount deferred by the employee based upon years of service from a minimum of 50% to a maximum of 100% of a 6% contribution.

Effective July 1, 1998 the plan was amended to establish a non-contributory, defined contribution portion of the plan known as 401(k) Plu\$. Employees are not required to participate in the original defined contribution plan in order to receive benefits under the 401(k) Plu\$ portion of the plan. Under the 401(k) Plu\$ the Company makes a minimum contribution of 2% of the eligible compensation of all eligible employees. The determination of the percentage to be used in calculating the contribution is based upon annually established net income targets. At no time will the contribution be less than 2%. For 2019, 6% has been used to calculate the Company's contribution of \$12,570,273.

F. Multiemployer Plans

The Company does not participate in multi-employer plans.

G. Consolidated/Holding Company Plans

Not Applicable

H. Postemployment Benefits and Compensated Absences

The Company does not offer a postretirement benefit plan.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

(1) Recognition of the Existence of the Act

Not Applicable

(2) Effects of the Subsidy in Measuring the Net Postretirement Benefit Cost

Not Applicable

(3) Disclosure of Gross Benefit Payments

Not Applicable

**Note 13 – Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations**

(1) Number of Share and Par or State Value of Each Class

As of December 31, 2019, the Company had no common capital shares authorized, issued or outstanding.

(2) Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues

## NOTES TO FINANCIAL STATEMENTS

The Company has no preferred stock outstanding.

(3) Dividend Restrictions

The Company has no dividend restrictions.

(4) Dates and Amounts of Dividends Paid

As a Mutual Insurer, the Company can only pay dividends on participating policies and the Company does not issue participating policies.

(5) Profits that may be Paid as Ordinary Dividends to Stockholders

Not Applicable

(6) Restrictions Placed on Unassigned Funds (Surplus)

The Company had no restrictions on its unassigned surplus.

(7) Amount of Advances to Surplus not Repaid

The Company does not have any advances to surplus.

(8) Amount of Stock Held for Special Purposes

Not Applicable

(9) Reasons for Changes in Balance of Special Surplus Funds from Prior Period

The Company has no special surplus funds.

(10) The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$43,933,507.

(11) The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations

The Company has no Surplus Notes as of December 31, 2019.

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note*	Principal and/or Interest Paid Current Period	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
	%	\$	\$	\$	\$	\$	
1311999. Total	XXX	\$	\$	\$	\$	\$	XXX

\* Total should agree with Page 3, Line 29.

(12) The impact of any restatement due to prior quasi-reorganizations is as follows

The Company was not involved in a quasi-reorganization.

Description (Year)	Change in Surplus	Change in Gross Paid in and Contributed Surplus
	\$	\$

(13) Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization

Not Applicable

### Note 14 – Liabilities, Contingencies and Assessments

A. Contingent Commitments

None

- (1) Total SSAP No. 97, Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88, and SSAP No. 48, Joint Ventures, Partnerships and Limited Liability Company contingent liabilities: \$ .

**NOTES TO FINANCIAL STATEMENTS**

(2) Detail of other contingent commitments

Nature and Circumstances of Guarantee and Key Attributes, Including Date and Duration of Agreement	Liability Recognition of Guarantee, (Include Amount Recognized at Inception. If no Initial Recognition, Document Exception Allowed Under SSAP No. 5R)	Ultimate Financial Statement Impact if Action under the Guarantee is Required	Maximum Potential Amount of Future Payments (Undiscounted) the Guarantor could be Required to make under the Guarantee. If unable to Develop an Estimate, this Should be Specifically Noted	Current Status of Payment or Performance Risk of Guarantee. Also Provide Additional Discussion as Warranted
	\$		\$	
<b>Total</b>	\$	XXX	\$	XXX

(3) Guarantee Obligations

a. Aggregate maximum potential of future payments of all guarantees (undiscounted) the guarantor could be required to make under guarantees. (Should equal total of column 4 for (2) above.)	\$
b. Current liability recognized in F/S.	
1. Noncontingent liabilities	\$
2. Contingent liabilities	\$
c. Ultimate financial statement impact if action under the guarantee is required.	
1. Investments in SCA	\$
2. Joint Venture	
3. Dividends to stockholders (capital contribution)	
4. Expense	
5. Other	
6. Total (should equal (3)a)	\$

B. Assessments

None

(1) Assessments Where Amount is Known or Unknown

(2) Assessments

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$
b. Decreases current year:	
c. Increases current year:	
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$

(3) Guaranty Fund Liabilities and Assets Related to Assessments from Insolvencies for Long-Term Care Contracts

a. Discount Rate Applied

%

b. The undiscounted and discounted amount of the guaranty fund assessments and related assets by insolvency:

Name of the Insolvency	Guaranty Fund Assessment		Related Assets	
	Undiscounted	Discounted	Undiscounted	Discounted
	\$	\$	\$	\$

c. Number of jurisdictions, ranges of years used to discount and weighted average number of years of the discounting time period for payables and recoverables by insolvency:

Name of the Insolvency	Payables			Recoverables		
	Number of Jurisdictions	Range of Years	Weighted Average Number of Years	Number of Jurisdictions	Range of Years	Weighted Average Number of Years

C. Gain Contingencies

**NOTES TO FINANCIAL STATEMENTS**

None

## D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

None

The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits

	Direct
Claims related ECO and bad faith losses paid during the reporting period	\$

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period:

(a) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims

Indicate whether claim count information is disclosed per claim or per claimant:

(f) Per Claim [ ]      (g) Per Claimant [ ]

## E. Joint and Several Liabilities

None

## F. All Other Contingencies

The Company, along with the Blue Cross and Blue Shield Association and 35 other independent "Blue" licensee companies, is defending a collection of antitrust lawsuits that is currently consolidated as one action in the U.S. District Court for the Northern District of Alabama in Birmingham, known as "MDL 2406". While the Company does not believe that any of the allegations of these lawsuits have merit because the Company has not conspired (as alleged in the lawsuit) to suppress competition in any manner, the Company nevertheless believes it prudent from a financial management perspective to establish reserves against any contingencies related to these lawsuits, including potential settlement of some or all of the claims asserted.

**Note 15 – Leases**

## A. Lessee Operating Lease

## (1) Lessee's Leasing Arrangements

## a. Rental Expense

The Company leases office equipment and space under various noncancelable operating lease agreements that expire through January 2024. Rental expense for 2019, and 2018 was approximately \$7,719,855 and \$8,071,154.

## b. Basis on Which Contingent Rental Payments are Determined

Not Applicable

## c. Existence and Terms of Renewal or Purchase Options and Escalation Clauses

Not Applicable

## d. Restrictions Imposed by Lease Agreements

Not Applicable

## e. Identification of Lease Agreements that have been Terminated Early

Not Applicable

## (2) Leases with Initial or Remaining Noncancelable Lease Terms in Excess of One Year

## a. At December 31, 2019 the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
1. 2020	\$ 5,645,116
2. 2021	\$ 422,184
3. 2022	\$ 102,780
4. 2023	\$ 25,695
5. 2024	\$
6. Total	\$ 6,195,775

**NOTES TO FINANCIAL STATEMENTS**

- b. Total of Minimum Rentals to be Received in the Future under Noncancelable Subleases

Not Applicable

- (3) For Sale-Leaseback Transactions

- a. Terms of the Sale-Leaseback Transactions

Not Applicable

- b. Obligation of Future Minimum Lease Payments and Total of Minimum Sublease Rentals

Not Applicable

**B. Lessor Leases**

- (1) Operating Leases:

- a. Lessor's Leasing Arrangements

Not Applicable

- b. Cost and Carrying Amount of Property on Lease or Held for Leasing

Not Applicable

- c. Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31 are as follows:

Not Applicable

Year Ending December 31	Operating Leases
1. 2020	\$
2. 2021	\$
3. 2022	\$
4. 2023	\$
5. 2024	\$
6. Total	\$

- d. Total Contingent Rentals

Not Applicable

- (2) Leveraged Leases:

- a. Terms Including Pretax Income from Leveraged Leases

Not Applicable

- b. Pretax Income, Tax Effect and Investment Tax Credit

Not Applicable

	2019	2018
1. Income from leveraged leases before income tax including investment tax credit	\$	\$
2. Less current income tax	\$	\$
3. Net income from leveraged leases	\$	\$

- c. The components of the investment in leveraged leases at December 31, 2019 and 2018 were as shown below:

	2019	2018
1. Lease contracts receivable (net of principal and interest on non-recourse financing)		
2. Estimated residual value of leased assets		
3. Unearned and deferred income		
4. Investment in leveraged leases		
5. Deferred income taxes related to leveraged leases		
6. Net investment in leveraged leases		

Not Applicable

**Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

1. The table below summarizes the face amount of the Company's financial instruments with off-balance sheet risk:

**NOTES TO FINANCIAL STATEMENTS**

Not Applicable

	Assets		Liabilities	
	2019	2018	2019	2018
a. Swaps	\$	\$	\$	\$
b. Futures				
c. Options				
d. Total	\$	\$	\$	\$

2. Nature and Terms of Off-Balance Sheet Risk

Not Applicable

3. Amount of Loss if any Party to the Financial Instrument Failed

Not Applicable

4. Collateral or Other Security Required to Support Financial Instrument

Not Applicable

**Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

A. Transfers of Receivables Reported as Sales

(1) Proceeds to the Transferor  
Not Applicable

(2) Gain or Loss Record on Sale  
Not Applicable

B. Transfer and Servicing of Financial Assets

(1) Description of any Loaned Securities  
Not Applicable

(2) Servicing Assets and Servicing Liabilities  
Not Applicable

(3) When Servicing Assets and Liabilities are Measured at Fair Value  
Not Applicable

(4) Securitizations, Asset-Based Financing Arrangements and Similar Transfers Accounted for as Sales

(a)  
Not Applicable

(b)  
Not Applicable

(5) Disclosure Requirements for Transfers of Assets Accounted for as Secured Borrowing  
Not Applicable

(6) Transfer of Receivables with Recourse  
Not Applicable

(7) Securities Underlying Repurchase and Reverse Repurchase Agreements, Dollar Repurchase and Dollar Reverse Repurchase Agreements  
Not Applicable

C. Wash Sales

Not Applicable

(1) Description of the Objectives Regarding These Transactions  
Not Applicable

(2) The details by NAIC designation 3 or below, or unrated of securities sold during the year ended December 31, 2019 and reacquired within 30 days of the sale date are:  
Not Applicable

Description	NAIC Designation	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Gain/(Loss)
			\$	\$	\$

**Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

A. ASO Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during 2019:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ (2,273,118)	\$	\$ (2,273,118)
b. Total net other income or expenses (including interest paid to or received from plans)			
c. Net gain or (loss) from operations	(2,273,118)		(2,273,118)
d. Total claim payment volume	\$ 236,712,861	\$	\$ 236,712,861

## NOTES TO FINANCIAL STATEMENTS

### B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 2019:

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical cost incurred	\$ 3,383,607,862	\$	\$ 3,383,607,862
b. Gross administrative fees accrued	261,649,161		261,649,161
c. Other income or expenses (including interest paid to or received from plans)	(304,855)		(304,855)
d. Gross expenses incurred (claims and administrative)	3,632,265,492		3,632,265,492
e. Total net gain or loss from operations	\$ 12,686,676	\$	\$ 12,686,676

### C. Medicare or Similarly Structured Cost Based Reimbursement Contract

#### (1) Major Components of Revenue by Payor

Not Applicable

#### (2) Receivables from Payors with Account Balances the Greater of 10% of Amounts Receivable Relating to Uninsured Accident and Health Plans or \$10,000

Not Applicable

#### (3) Recorded Allowances and Reserves for Adjustment of Recorded Revenues

Not Applicable

#### (4) Adjustments to Revenue Resulting from Audit of Receivables Related to Revenues Recorded in the Prior Period

Not Applicable

### Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company does not currently have direct premium written/produced by managing general agents/third party administrators.

Name and Address of Managing General Agent or Third Party Administrator	FEIN Number	Exclusive Contract	Types of Business Written	Types of Authority Granted	Total Direct Premiums Written/ Produced By
					\$
<b>Total</b>	XXX	XXX	XXX	XXX	\$

The Company does not currently have direct premium written/produced by managing general agents/third party administrators.

### Note 20 – Fair Value Measurements

#### A. Fair Value Measurements

##### (1) Fair Value Measurements at Reporting Date

Description for Each Type of Asset or Liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
Assets at Fair Value					
Other Invested Assets	\$	\$	\$	\$ 118,145,004	\$ 118,145,004
Bonds	\$	\$	\$	\$	\$
Industrial and Misc	\$	\$ 640,115	\$	\$	\$ 640,115
Common Stock	\$	\$	\$	\$	\$
Industrial and Misc	\$ 35,503,763	\$ 11,853,041	\$	\$	\$ 47,356,803
Mutual Fund	\$	\$	\$	\$	\$
Parent, Subsidiaries and Affiliates	\$	\$	\$ 381,496,942	\$	\$ 381,496,942
<b>Total</b>	\$ 35,503,763	\$ 12,493,156	\$ 381,496,942	\$ 118,145,004	\$ 547,638,864
Liabilities at Fair Value					
	\$	\$	\$	\$	\$
<b>Total</b>	\$	\$	\$	\$	\$

##### (2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

**NOTES TO FINANCIAL STATEMENTS**

Description	Beginning Balance at 1/1/2019	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2019
<b>a. Assets</b>										
Parent, Subsidiaries and Affiliates	\$169,735,848	\$	\$	\$	\$ 11,761,093	\$200,000,000	\$	\$	\$	\$381,496,941
<b>Total</b>	<b>\$169,735,848</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 11,761,093</b>	<b>\$200,000,000</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$381,496,941</b>
<b>b. Liabilities</b>										
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

(3) Policies when Transfers Between Levels are Recognized  
Not Applicable

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement  
Fair Value pricing obtained, where applicable from market prices provided by US Bank, Institutional Trust and Custody, custodian for investment assets, or where applicable, from the NAIC Valuation of Securities database, for assets not priced by US Bank. There has been no change in this valuation technique.

(5) Fair Value Disclosures  
Not Applicable

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements

Not Applicable

C. Fair Value Level

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Other Invested Assets	\$ 118,145,004	\$ 118,145,004	\$	\$	\$	\$ 118,145,004	\$
Bonds	\$ 640,115	\$ 640,115	\$	\$ 640,115	\$	\$	\$
Common Stock	\$ 428,853,745	\$ 428,853,745	\$ 35,503,763	\$ 11,853,041	\$ 381,496,941	\$	\$

D. Not Practicable to Estimate Fair Value

Not Applicable

Type of Class or Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
	\$			

E. NAV Practical Expedient Investments

1. Martingale Investment Trust – Series 1 Low Volatility Large Cap+

This strategy seeks to meet or exceed equity market returns while realizing significantly less volatility. This investment focuses on identifying and investing in low risk companies with sound fundamental properties. The portfolio is considered to be a low risk portfolio with broad, stable sector diversification. The fund contains 214 individual holdings as of 12/31/2019 with the top 10% of all holdings representing 13.0% of all fund holdings. Overall, the risk target of this portfolio is to perform with 70%-80% of the overall market volatility of the Russell 1000 Index.

The fund is able to be liquidated on a monthly basis. Because the underlying portfolio contains assets that are part of the Russell 1000 Index, it is very probable that the fund would not liquidate at the NAV of a prior month. It is possible the fund could be liquidated at a higher or lower price depending on overall market actions.

Barings U.S. Loan Fund Series – Tranche A

The Barings investment process is a focused and detailed fundamental bottom-up due diligence. The firm's investment philosophy is based on the belief that long-term, risk-adjusted returns can best be achieved through active portfolio management coupled with strong fundamental credit underwriting with the goal of minimizing principal losses. The firm takes a credit-intensive approach when selecting assets that seeks to determine where favorable value exists within companies on a relative basis to other investment alternatives.

The average number of loans in the portfolio is 183 at the end of the fourth quarter 2019, with 13.3% in the top ten holdings. The portfolio is diversified across eleven sectors, with six sectors containing more than 10% of all holdings. Average annualized default since inception is 0.5%, while the historical average is 2.9%.

The fund has daily liquidity but a 30 calendar day prior to withdraw notice is necessary. As of 12/31/2019, there are \$1.2 Billion assets in the Commingled Fund.

2. Not Applicable (The investments can be redeemed on a monthly basis.)

3. Not Applicable (There is no required capital commitment for the investments in Martingale or Barings)

4. Redemption of shares of either holding are processed on a monthly basis at prevailing market NAV.

5. Not Applicable



## NOTES TO FINANCIAL STATEMENTS

6. Not Applicable (There are no restrictions to viewing the investments of the Martingale Investment Trust – Series 1 Low Volatility Large Cap+ or the Barings U.S. Loan Fund Series – Tranche A. The holdings are provided to the Investor in each of the fund’s annual reports, and can be requested at any month end closing.)

7. Not Applicable (The investor has not made a decision to redeem shares of the Martingale Investment Trust – Series 1 Low Volatility Large Cap+ or the Barings U.S. Loan Fund Series – Tranche A at this time.)

### Note 21 – Other Items

A. Unusual or Infrequent Items

The Company had no unusual or infrequent items.

B. Troubled Debt Restructuring Debtors

The Company had no troubled debt restructuring as of December 31, 2019.

C. Other Disclosures

The Company did not have any other disclosures items.

D. Business Interruption Insurance Recoveries

The Company has no business interruption insurance recoveries.

E. State Transferable and Non-Transferable Tax Credits

- (1) Carrying Value of Transferable and Non-Transferable State Tax Credits Gross of any Related Tax Liabilities and Total Unused Transferable and Non-Transferable State Tax Credits by State and in Total

The Company has no state transferable tax credits.

Description of State Transferable and Non-Transferable Tax Credits	State	Carrying Value	Unused Amount
		\$	\$
Total		\$	\$

- (2) Method of Estimating Utilization of Remaining Transferable and Non-Transferable State Tax Credits

Not Applicable

- (3) Impairment Loss

Not Applicable

- (4) State Tax Credits Admitted and Nonadmitted

Not Applicable

	Total Admitted	Total Nonadmitted
a. Transferable	\$	\$
b. Non-Transferable	\$	\$

F. Subprime Mortgage Related Risk Exposure

- (1) Description of the Subprime-Mortgage-Related Risk Exposure and Related Risk Management Practices

The Company does not engage in sub-prime residential mortgage lending. The Company holds direct investments in collateralized debt obligations that are backed by subprime mortgages. The Company’s exposure to subprime lending is limited by its investment guidelines.

The book adjusted carrying value of the Company’s investment in enterprises that engage in residential mortgage lending accumulates to \$3,783,465. This represents 0.63% of the Company’s long-term bond holdings of \$603,181,207. Actual cost is \$3,788,255, fair value, \$3,786,404.

- (2) Direct Exposure Through Investments in Subprime Mortgage Loans

The Company has direct exposure through investments described in the response to question #1.

	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Value of Land and Buildings	Other-Than-Temporary Impairment Losses Recognized	Default Rate
a. Mortgages in the process of foreclosure	\$	\$	\$	\$	%
b. Mortgages in good standing					%
c. Mortgages with restructured terms					%

## NOTES TO FINANCIAL STATEMENTS

	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Value of Land and Buildings	Other-Than-Temporary Impairment Losses Recognized	Default Rate
d. Total	\$	\$	\$	\$	XXX

## (3) Direct Exposure Through Other Investments

The Company has no material direct exposure through other investments.

	Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$	\$	\$	\$
b. Commercial mortgage-backed securities				
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investments in SCAs*				
f. Other assets				
g. Total	\$	\$	\$	\$

\* These investments comprise % of the company's invested assets.

## (4) Underwriting Exposure to Subprime Mortgage Risk Through Mortgage Guaranty or Financial Guaranty Insurance Coverage

The Company has no underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty Insurance Coverage.

	Losses Paid in the Current Year	Losses Incurred in the Current Year	Case Reserves at end of Current Period	IBNR Reserves at End of Current Period
a. Mortgage guaranty coverage	\$	\$	\$	\$
b. Financial guaranty coverage				
c. Other lines (specify):				
d. Total	\$	\$	\$	\$

## G. Retained Assets

## (1) Description of How Accounts are Structured and Reporting

The Company has no retained assets.

## (2) Retained Assets In Force

	In Force		In Force	
	As of End of Current Year		As of End of Prior Year	
	Number	Balance	Number	Balance
a. Up to and including 12 months		\$		\$
b. 13 to 24 months				
c. 25 to 36 months				
d. 37 to 48 months				
e. 49 to 60 months				
f. Over 60 months				
g. Total		\$		\$

## (3) Segregation Between Individual and Group Contracts

	Individual		Group	
	Number	Balance/Amount	Number	Balance/Amount
a. Number/balance of retained asset account at the beginning of the year		\$		\$
b. Number/amount of retained asset accounts issued/added during the year				
c. Investment earnings credited to retained asset accounts during the year	N/A		N/A	
d. Fees and other charges assessed to retained asset accounts during the year	N/A		N/A	
e. Number/amount of retained asset accounts transferred to state unclaimed property funds during the year				
f. Number/amount of retained asset accounts closed/withdrawn during the year				

## NOTES TO FINANCIAL STATEMENTS

	Individual		Group	
	Number	Balance/Amount	Number	Balance/Amount
g. Number balance of retained asset accounts at the end of the year g=a+b+c-d-e-f		\$		\$

### H. Insurance-Linked Securities (ILS) Contracts

The Company has no insurance-linked securities (ILS) contracts.

	Number of Outstanding ILS Contracts	Aggregate Maximum Proceeds
Management of Risk Related to:		
(1) Directly-Written Insurance Risks		
a. ILS Contracts as Issuer		\$
b. ILS Contracts as Ceding Insurer		
c. ILS Contracts as Counterparty		
(2) Assumed Insurance Risks		
a. ILS Contracts as Issuer		\$
b. ILS Contracts as Ceding Insurer		
c. ILS Contracts as Counterparty		

### I. The Amount that Could be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or has Otherwise Obtained Rights to Control the Policy

Not Applicable

	Amount	Percent
(1) Amount of Admitted Balance that Could Be Realized from an Investment Vehicle	\$	
(2) Percentage Bonds		%
(3) Percentage Stocks		%
(4) Percentage Mortgage Loans		%
(5) Percentage Real Estate		%
(6) Percentage Cash and Short-Term Investments		%
(7) Percentage Derivatives		%
(8) Percentage Other Invested Assets		%

### Note 22 – Events Subsequent

Subsequent events have been considered through for these statutory financial statements which are to be issued on .

#### A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?

	2019	2018	Yes [ X ]	No [ ]
B. ACA fee assessment payable for the upcoming year	\$ 42,870,062	\$		
C. ACA fee assessment paid	\$	\$ 43,550,749		
D. Premium written subject to ACA 9010 assessment	\$ 2,079,793,001	\$		
E. Total adjusted capital before surplus adjustment (Five-Year Historical Line 14)	\$ 919,065,983			
F. Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 876,195,921			
G. Authorized control level (Five-Year Historical Line 15)	\$ 125,188,323			
H. Would reporting the ACA assessment as of December 31, 2019 have triggered an RBC action level (YES/NO)?			Yes [ ]	No [ X ]

### Note 23 – Reinsurance

#### A. Ceded Reinsurance Report

##### Section 1 – General Interrogatories

(1) Are any of the reinsurers listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? Yes [ ] No [ X ]  
If yes, give full details.

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business? Yes [ ] No [ X ]  
If yes, give full details.

## NOTES TO FINANCIAL STATEMENTS

### Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? Yes [ ] No [X]
- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. \$
- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? \$
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes [ ] No [X]
- If yes, give full details.

### Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$-0-
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? Yes [ ] No [X]
- If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$

#### B. Uncollectible Reinsurance

The Company did not have any uncollectible reinsurance written off during the year.

- (1) The Company has written off in the current year reinsurance balances due from the entities listed below, the amount of: \$

a. Losses incurred	\$
b. Loss adjustment expenses incurred	\$
c. Premiums earned	\$
d. Other	\$
Entity	Amount
	\$

#### C. Commutation of Ceded Reinsurance

There was not commutation of ceded reinsurance during the year.

The Company has reported in its operations in the current year as a result of commutation of reinsurance with the companies listed below, amounts that are reflected as:

(1) Losses incurred	\$
(2) Loss adjustment expenses incurred	\$
(3) Premiums earned	\$
(4) Other	\$
Entity	Amount
	\$

#### D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

- (1) Reporting Entity Ceding to Certified Reinsurer Whose Rating was Downgraded or Status Subject to Revocation

There were no certified reinsurer rating downgraded or status subject to revocation during the year.

##### a. Certified Reinsurers Downgraded or Status Subject to Revocation

Name of Certified Reinsurer	Relationship to Reporting Entity	Date of Action	Jurisdiction of Action	Collateral Percentage Requirement Before	Collateral Percentage Requirement After	Net Obligation Subject to Collateral	Collateral Required (But Not Received)
				%	%	\$	\$

##### b. Impact to the Reporting Entity as a Result of the Assuming Entity's Downgraded or Revocation of Certified Reinsurer Status

- (2) Reporting Entity's Certified Reinsurer Rating Downgraded or Status Subject to Revocation

## NOTES TO FINANCIAL STATEMENTS

There were no certified reinsurer rating downgraded or status subject to revocation.

a. Certified Reinsurer Rating is Downgraded or Status Subject to Revocation

Date of Action	Jurisdiction of Action	Collateral Percentage Requirement Before	Collateral Percentage Requirement After	Net Obligation Subject to Collateral	Collateral Required (But Not Received)
		%	%	\$	\$

b. Impact to the Reporting Entity as a Result of the Certified Reinsurer Rating Downgraded or Revocation of Certified Reinsurer Status

### Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used to Estimate Accrued Retrospective Premium Adjustments

The Company estimates accrued retrospective premium adjustments for its group health insurance business through a mathematical approach using an algorithm of the company's underwriting rules and experience practices.

B. Retrospective Premiums Recorded Through Written Premium or Adjustment to Earned Premium

The Company records accrued retrospective premium adjustments to earned premium.

C. Amount and Percentage of Net Premiums Written Subject to Retrospective Rating Features

The amount of net premiums written by the Company at December 31, 2019 that are subject to retrospective rating features was \$ 2.205 billion, that represented 89.3% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act

	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
<b>Prior Reporting Year</b>					
(1) Medical loss ratio rebates incurred	\$	\$	\$	\$ (227,038)	\$ (227,038)
(2) Medical loss ratio rebates paid	\$	\$	\$	\$ 607,794	\$ 607,794
(3) Medical loss ratio rebates unpaid	\$	\$	\$	\$ 1,840,421	\$ 1,840,421
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$ 329,301
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$ 2,169,722
<b>Current Reporting Year-to-Date</b>					
(7) Medical loss ratio rebates incurred	\$	\$	\$	\$	\$
(8) Medical loss ratio rebates paid	\$	\$	\$	\$ 1,840,421	\$ 1,840,421
(9) Medical loss ratio rebates unpaid	\$	\$	\$	\$	\$
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$

E. Risk-Sharing Provisions of the Affordable Care Act

(1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions

Yes [ X ] No [ ]

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

a. Permanent ACA Risk Adjustment Program	AMOUNT
<b>Assets</b>	
1. Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments)	\$
<b>Liabilities</b>	
2. Risk adjustment user fees payable for ACA Risk Adjustment	\$
3. Premium adjustments payable due to ACA Risk Adjustment (including high-risk pool premium)	\$ 19,973,603
<b>Operations (Revenue &amp; Expenses)</b>	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$ (6,356,164)
5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	\$ 328,874
b. Transitional ACA Reinsurance Program	AMOUNT

**NOTES TO FINANCIAL STATEMENTS**

<b>Assets</b>	
1. Amounts recoverable for claims paid due to ACA Reinsurance	\$
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	\$
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	\$
<b>Liabilities</b>	
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	\$
5. Ceded reinsurance premiums payable due to ACA Reinsurance	\$
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$
<b>Operations (Revenue &amp; Expenses)</b>	
7. Ceded reinsurance premiums due to ACA Reinsurance	\$
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$ 111,157
9. ACA Reinsurance contributions – not reported as ceded premium	\$

<b>c. Temporary ACA Risk Corridors Program</b>	<b>AMOUNT</b>
<b>Assets</b>	
1. Accrued retrospective premium due to ACA Risk Corridors Liabilities	\$
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$
<b>Operations (Revenue &amp; Expenses)</b>	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	\$
4. Effect of ACA Risk Corridors on change in reserves for rate credits	\$

(3) Roll forward of prior year ACA Risk Sharing Provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance:

	Accrued During the Prior Year on Business Written Before Dec. 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec. 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
	1	2	3	4	Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
<b>a. Permanent ACA Risk Adjustment Program</b>											
1. Premium adjustments receivable (including high-risk pool payments)	\$ 4,765,569		\$ 16,410,120		\$ (11,644,551)		\$ 11,644,551		A		
2. Premium adjustments payable (including high-risk pool premium)		4,437,525		3,349,990		1,087,535	1,087,535		B	1,087,535	1,087,535
3. Subtotal ACA Permanent Risk Adjustment Program	\$ 4,765,569	\$ 4,437,525	\$ 16,410,120	\$ 3,349,990	\$ (11,644,551)	\$ 1,087,535	\$ 12,732,086			\$ 1,087,535	\$ 1,087,535
<b>b. Transitional ACA Reinsurance Program</b>											
1. Amounts recoverable for claims paid	\$ 211,218		\$ 322,375		\$ (111,157)		\$ 111,157		C		
2. Amounts recoverable for claims unpaid (contra liability)									D		
3. Amounts receivable relating to uninsured plans									E		
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium									F		
5. Ceded reinsurance premiums payable									G		
6. Liability for amounts held under uninsured plans									H		
7. Subtotal ACA Transitional Reinsurance Program	\$ 211,218		\$ 322,375		\$ (111,157)		\$ 111,157				
<b>c. Temporary ACA Risk Corridors Program</b>											
1. Accrued retrospective premium	\$								I		
2. Reserve for rate credits or policy experience rating refunds									J		
3. Subtotal ACA Risk Corridors Program	\$										

**NOTES TO FINANCIAL STATEMENTS**

	Accrued During the Prior Year on Business Written Before Dec. 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec. 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
					1	2	3	4		5	6
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
d. Total for ACA Risk-Sharing Provisions	\$ 4,976,787	\$ 4,437,525	\$ 16,732,495	\$ 3,349,990	\$ (11,755,708)	\$ 1,087,535	\$ 12,843,243			\$ 1,087,535	\$ 1,087,535

Explanations of Adjustments

- A. Adj for 2018 Receivable
- B. Adj for 2018 Payable
- C. 2016 received in 2019
- D.
- E.
- F.
- G.
- H.
- I.
- J.

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Risk Corridors Program Year	Accrued During the Prior Year on Business Written Before Dec. 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec. 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
					1	2	3	4		5	6
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. 2014											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	A	\$	\$
2. Reserve for rate credits for policy experience rating refunds	\$	\$	\$	\$	\$	\$	\$	\$	B	\$	\$
b. 2015											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	C	\$	\$
2. Reserve for rate credits for policy experience rating refunds	\$	\$	\$	\$	\$	\$	\$	\$	D	\$	\$
c. 2016											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	E	\$	\$
2. Reserve for rate credits or policy experience rating refunds	\$	\$	\$	\$	\$	\$	\$	\$	F	\$	\$
d. Total for Risk Corridors	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$

24E(4)d (Columns 1 through 10) should equal 24E(3)c3 (Column 1 through 10 respectively)

- A.
- B.
- C.
- D.
- E.
- F.

(5) ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program Year	1 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts Received from CMS	4 Asset Balance (Gross of Non-Admissions) (1-2-3)	5 Non-Admitted Amount	5 Net Admitted Asset (4-5)
a. 2014	\$	\$	\$	\$	\$	\$
b. 2015	15,919,592	15,919,592				
c. 2016	19,022,136	19,022,136				
d. Total (a+b+c)	\$ 34,941,728	\$ 34,941,728	\$	\$	\$	\$

24E(5)d (Column 4) should equal 24E(3)c1 (Column 9)

24E(5)d (Column 6) should equal 24E(2)c1

**Note 25 – Change in Incurred Losses and Loss Adjustment Expenses**

- A. Change in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2018 were \$200,536,835. As of December 31, 2019, \$189,191,199 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now (\$6,641,340) as a

## NOTES TO FINANCIAL STATEMENTS

result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$17,986,976 favorable prior-year development since December 31, 2018 to December 31, 2019. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

12/31/2018 Reserves	\$ 200,536,835	(includes Due and Unpaid)
2018 Claims paid in 2019	<u>(189,191,199)</u>	
Adjusted Net Reserves	\$ 11,345,636	
2018 Remaining Reserves @ 12/31/2019	<u>(6,641,340)</u>	
Favorable Development	<u>\$ 17,986,976</u>	

B. Information about Significant Changes in Methodologies and Assumptions

No significant change

**Note 26 – Intercompany Pooling Arrangements**

A. Identification of the Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

Not Applicable

Lead Entity and all Affiliated Entities

NAIC Company Code	Pooling Percentage %
-------------------------	----------------------------

B. Description of Lines and Types of Business Subject to the Pooling Agreement

Not Applicable

C. Description of Cessions to Non-Affiliated Reinsurance Subject to Pooling Agreement

Not Applicable

D. Identification of all Pool Members that are Parties to Reinsurance Agreements with Non-Affiliated Reinsurers

Not Applicable

E. Explanation of Discrepancies Between Entries of Pooled Business

Not Applicable

F. Description of Intercompany Sharing

Not Applicable

G. Amounts Due To/From Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

Not Applicable

**Note 27 – Structured Settlements**

Not Applicable

**Note 28 – Health Care Receivables**

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days After Billing
12/31/2019	\$ 25,638,813	\$ -	\$ -	\$ -	\$ -
09/30/2019	\$ 24,980,478	\$ 25,638,813	\$ 16,595,199	\$ -	\$ -
06/30/2019	\$ 23,562,257	\$ 24,980,478	\$ 15,943,387	\$ 4,788,051	\$ -
03/31/2019	\$ 22,740,650	\$ 23,562,257	\$ 16,448,928	\$ 6,376,687	\$ 170,453
	\$	\$	\$	\$	\$
12/31/2018	\$ 22,272,587	\$ 22,740,650	\$ 18,899,391	\$ 6,350,985	\$ (8,157)
09/30/2018	\$ 21,921,113	\$ 22,292,022	\$ 17,099,348	\$ 5,984,582	\$ 279,819
06/30/2018	\$ 20,233,020	\$ 21,942,312	\$ 16,625,455	\$ 6,295,599	\$ (9,124)
03/31/2018	\$ 19,992,215	\$ 20,445,915	\$ 16,282,897	\$ 6,166,496	\$ 22,749
	\$	\$	\$	\$	\$
12/31/2017	\$ 19,524,983	\$ 20,138,383	\$ 7,644,021	\$ 5,709,128	\$ 7,144,885
09/30/2017	\$ 17,436,720	\$ 17,658,648	\$ 13,311,959	\$ 5,601,766	\$ 7,505,216
06/30/2017	\$ 16,528,861	\$ 17,436,720	\$ 6,495,496	\$ 15,337,876	\$ 7,244,619
03/31/2017	\$ 16,013,406	\$ 16,528,861	\$ 15,722,867	\$ 3,931,115	\$ 9,598,618

B. Risk-Sharing Receivables



**NOTES TO FINANCIAL STATEMENTS**

The Company has no risk sharing receivables as of December 31, 2019.

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received All Other
0	0	\$	\$	\$	\$	\$	\$	\$	\$

**Note 29 – Participating Policies**

The Company has no participating contracts.

**Note 30 – Premium Deficiency Reserves**

The Company did not have any premium deficiency reserves as of December 31, 2019.

1. Liability carried for premium deficiency reserve: \$0
2. Date of most recent evaluation of this liability: December 31, 2019
3. Was anticipated investment income utilized in the calculation? Yes [ X ] No [ ]

**Note 31 – Anticipated Salvage and Subrogation**

Anticipated Salvage and Subrogation included as a reduction to Loss Reserves and Loss Adjustment Reserves as reported in the Underwriting and Investment Exhibit and Page 3 – Liabilities, Capital and Surplus, Line 1. This disclosure is presented by annual statement line of business. Amounts presented are as of December 31 of the prior year and December 31 of the year for which this annual statement is being filed.

Line of Business	Year Incurred	December 31 2019	December 31 2018
Accident and Health	2015	\$ 975	\$ (8,838)
	2016	\$ 5,050	\$ 20,067
	2017	\$ 11,013	\$ 152,147
	2018	\$ 61,196	\$ 181,437
	2019	\$ 5,026	
	Total	\$ 83,259	\$ 344,813

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

**GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  No   
If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes  No  N/A
- 1.3 State regulating? ARKANSAS
- 1.4 Is the reporting entity publicly traded or a member of publicly traded group? Yes  No
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. \_\_\_\_\_
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes  No
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2015
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2015
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/28/2017
- 3.4 By what department or departments?  
Arkansas Insurance Department
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes  No  N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes  No  N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes  No
- 4.12 renewals? Yes  No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes  No
- 4.22 renewals? Yes  No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No   
If the answer is YES, complete and file the merger history data file with the NAIC.
- 5.2 If yes, provide the name of entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1<br>Name of Entity | 2<br>NAIC<br>Company<br>Code | 3<br>State of<br>Domicile |
|---------------------|------------------------------|---------------------------|
|                     |                              |                           |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes  No
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes  No
- 7.2 If yes,
- 7.21 State the percentage of foreign control \_\_\_\_\_ %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).
- | 1<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|
|                  |                     |
- 8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board? Yes  No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes  No
- 8.4 If the response to 8.3 is yes, please provide below the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.
- | 1<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
|                     |                             |          |          |           |          |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
BKD, LLP Little Rock, Arkansas
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes  No
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes  No
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:

## GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [ X ] No [ ] N/A [ ]
- 10.6 If the response to 10.5 is no or n/a, please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Victor P. Davis, Vice President - Actuarial Services & Chief Actuary, Arkansas Blue Cross Blue Shield 601 Gaines Street, Little Rock, AR 72201 601 Gaines Street, Little Rock, AR 72201
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [ X ]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved 0
- 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If yes, provide explanation
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [ X ] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [ X ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [ X ]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.
- | 1<br>American Bankers Association (ABA)<br>Routing Number | 2<br>Issuing or Confirming Bank Name | 3<br>Circumstances That Can Trigger<br>the Letter of Credit | 4<br>Amount |
|---|--------------------------------------|---|-------------|
|   |                                      |   | \$          |
16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes [ X ] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [ X ] No [ ]
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [ X ] No [ ]
- FINANCIAL**
19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [ X ]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ 0
- 20.12 To stockholders not officers \$ 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ 0
- 20.22 To stockholders not officers 0
- 20.23 Trustees, supreme or grand (Fraternal only) 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement? Yes [ ] No [ X ]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ 0
- 21.22 Borrowed from others \$ 0
- 21.23 Leased from others \$ 0
- 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [ X ] No [ ]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ (16,410,120)
- 22.22 Amount paid as expenses \$ 0
- 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ X ] No [ ]

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

**INVESTMENT**

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes  No

24.02 If no, give full and complete information, relating thereto:

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*? Yes  No  N/A

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0

24.06 If answer to 24.04 is no, report amount of collateral for other programs \$ 0

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes  No  N/A

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes  No  N/A

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes  No  N/A

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0

24.103 Total payable for securities lending reported on the liability page: \$ 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes  No

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements \$ 0

25.22 Subject to reverse repurchase agreements \$ 0

25.23 Subject to dollar repurchase agreements \$ 0

25.24 Subject to reverse dollar repurchase agreements \$ 0

25.25 Placed under option agreements \$ 0

25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock \$ 0

25.27 FHLB Capital Stock \$ 0

25.28 On deposit with states \$ 149,036

25.29 On deposit with other regulatory bodies \$ 0

25.30 Pledged as collateral – excluding collateral pledged to an FHLB \$ 0

25.31 Pledged as collateral to FHLB – including assets backing funding agreements \$ 0

25.32 Other \$ 106,500

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		\$

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes  No

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes  No  N/A   
If no, attach a description with this statement.

**Lines 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:**

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a results of interest rate sensitivity? Yes  No

26.4 If the response to 26.3 is yes, does the reporting entity utilize:

26.41 Special accounting provision of SSAP No. 108 Yes  No

26.42 Permitted accounting practice Yes  No

26.43 Other accounting guidance Yes  No

26.5 By responding yes to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes  No

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guidance Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes  No

27.2 If yes, state the amount thereof at December 31 of the current year: \$ 0

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes  No

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
--------------	------------------	------------------------------

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
--------------------	--------------------	---------------------	-------------

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation
Foundation Resource Management	U
Wells Capital Management Inc.	U
Gray D. Dillard	I
Martingale Asset Management, LP	U
Barings, LLC	U
Pacific Investment Management Company LLC	U

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's invested assets? Yes [X] No [ ]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets? Yes [X] No [ ]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
116359	Foundation Resource Management	N/A	SEC	NO
104973	Wells Capital Management Inc.	54300B3H2IOO2L85I90	SEC	NO
106006	Barings, LLC	ANDKRHQKPRRG4Q2KLR05	SEC, CFTC, NFA	NO
108526	Martingale Asset Management, LP	549300GXM5ZGZJXZ1Y74	SEC	NO
104559	Pacific Investment Management Company LLC	549300KGPYQZXGMYYN38	SEC	NO

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		\$
29.2999	TOTAL	\$

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
		\$	

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	\$ 644,418,037	\$ 660,727,549	\$ 16,309,512
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 644,418,037	\$ 660,727,549	\$ 16,309,512

30.4 Describe the sources or methods utilized in determining the fair values:

Fair value pricing obtained, where applicable from market prices provided by US Bank, Institutional Trust and Custody, custodian for investment assets, or where applicable, from the NAIC Valuation of Securities database, for assets not priced by US Bank.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

33. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:

## GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities?

Yes [ ] No [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?

Yes [ ] No [X]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

Yes [ ] No [X]

## OTHER

36.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 3,976,707

36.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
BlueCross BlueShield Association	\$ 3,206,629

37.1 Amount of payments for legal expenses, if any? \$ 1,103,089

37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Foley & Lardner LLP	\$ 329,914

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 580,536

38.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
BlueCross BlueShield Association	\$ 219,801

## GENERAL INTERROGATORIES

## PART 2 – HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?			Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
1.2	If yes, indicate premium earned on U.S. business only.		\$	263,502,266	
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?		\$	0	
1.31	Reason for excluding:				
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.		\$	0	
1.5	Indicate total incurred claims on all Medicare Supplement insurance.		\$	218,169,593	
1.6	Individual policies:				
	Most current three years:				
1.61	Total premium earned		\$	37,445,607	
1.62	Total incurred claims		\$	31,421,647	
1.63	Number of covered lives			25,240	
	All years prior to most current three years:				
1.64	Total premium earned		\$	226,056,659	
1.65	Total incurred claims		\$	186,747,946	
1.66	Number of covered lives			93,141	
1.7	Group policies:				
	Most current three years:				
1.71	Total premium earned		\$	0	
1.72	Total incurred claims		\$	0	
1.73	Number of covered lives			0	
	All years prior to most current three years:				
1.74	Total premium earned		\$	0	
1.75	Total incurred claims		\$	0	
1.76	Number of covered lives			0	
2.	Health Test:				
		1		2	
		Current Year		Prior Year	
2.1	Premium Numerator	\$	2,389,476,420	\$	2,481,886,532
2.2	Premium Denominator	\$	2,389,476,420	\$	2,481,886,532
2.3	Premium Ratio (2.1/2.2)		100.0%		100.0%
2.4	Reserve Numerator	\$	319,615,570	\$	337,404,076
2.5	Reserve Denominator	\$	319,615,570	\$	339,251,436
2.6	Reserve Ratio (2.4/2.5)		100.0%		99.5%
3.1	Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?			Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
3.2	If yes, give particulars:				
4.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?			Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?			Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
5.1	Does the reporting entity have stop-loss reinsurance?			Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
5.2	If no, explain:				
5.3	Maximum retained risk (see instructions)				
5.31	Comprehensive Medical		\$	0	
5.32	Medical Only		\$	0	
5.33	Medicare Supplement		\$	0	
5.34	Dental and Vision		\$	0	
5.35	Other Limited Benefit Plan		\$	0	
5.36	Other		\$	0	
6.	Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:				

**GENERAL INTERROGATORIES**

**PART 2 – HEALTH INTERROGATORIES**

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes  No
- 7.2 If no, give details
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 18,605
- 8.2 Number of providers at end of reporting year 18,930
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes  No
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees with rate guarantees between 15-36 months \$ 0
- 9.22 Business with rate guarantees over 36 months \$ 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes  No
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses 2,689,457
- 10.22 Amount actually paid for year bonuses 22,450,586
- 10.23 Maximum amount payable withholds 0
- 10.24 Amount actually paid for year withholds 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes  No
- 11.13 An Individual Practice Association (IPA), or, Yes  No
- 11.14 A Mixed Model (combination of above)? Yes  No
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes  No
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.  
Arkansas
- 11.4 If yes, show the amount required. \$ 750,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes  No
- 11.6 If the amount is calculated, show the calculation
12. List service areas in which reporting entity is licensed to operate:
- | 1                    |
|----------------------|
| Name of Service Area |
| State of Arkansas    |
| State of Texas       |
- 13.1 Do you act as a custodian for health savings accounts? Yes  No
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0
- 13.3 Do you act as an administrator for health savings accounts? Yes  No
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes  No  N/A
- 14.2 If the answer to 14.1 is yes, please provide the following:
- | 1<br>Company Name | 2<br>NAIC Company Code | 3<br>Domiciliary Jurisdiction | 4<br>Reserve Credit | Assets Supporting Reserve Credit |                       |            |
|-------------------|------------------------|-------------------------------|---------------------|----------------------------------|-----------------------|------------|
|                   |                        |                               |                     | 5<br>Letters of Credit           | 6<br>Trust Agreements | 7<br>Other |
|                   | 0                      |                               | \$                  | \$                               | \$                    | \$         |
15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).
- 15.1 Direct Premium Written \$ 0
- 15.2 Total Incurred Claims \$ 0
- 15.3 Number of Covered Lives 0
- | *Ordinary Life Insurance Includes   |
|---|
| Term (whether full underwriting, limited underwriting, jet issue, "short form app")       |
| Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app") |
| Variable Life (with or without secondary guarantee)                                       |
| Universal Life (with or without secondary guarantee)                                      |
| Variable Universal Life (with or without secondary guarantee)                             |
16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes  No
- 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes  No



# **GENERAL INTERROGATORIES**

## **PART 2 – HEALTH INTERROGATORIES**

**FIVE-YEAR HISTORICAL DATA**

	1 2019	2 2018	3 2017	4 2016	5 2015
<b>Balance Sheet (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28).....	1,852,076,538	1,747,304,961	1,664,542,460	1,623,697,386	1,579,924,693
2. Total liabilities (Page 3, Line 24).....	933,010,554	916,759,531	798,205,915	780,915,031	762,122,594
3. Statutory minimum capital and surplus requirement.....	750,000	750,000	500,000	500,000	500,000
4. Total capital and surplus (Page 3, Line 33).....	919,065,983	830,545,432	866,336,545	842,782,350	817,802,098
<b>Income Statement (Page 4)</b>					
5. Total revenues (Line 8).....	2,394,999,635	2,480,226,100	2,523,712,982	2,466,711,993	2,239,651,009
6. Total medical and hospital expenses (Line 18).....	1,959,147,139	2,009,095,022	2,216,931,381	2,172,445,035	1,909,694,390
7. Claims adjustment expenses (Line 20).....	106,383,276	97,996,875	91,513,500	89,593,220	87,397,134
8. Total administrative expenses (Line 21).....	264,507,096	388,768,746	208,983,349	243,499,179	226,645,938
9. Net underwriting gain (loss) (Line 24).....	64,962,124	(13,472,612)	7,145,304	(29,623,227)	20,622,427
10. Net investment gain (loss) (Line 27).....	46,045,927	36,447,109	24,162,696	17,488,063	8,512,007
11. Total other income (Lines 28 plus 29).....	1,616,807	2,646,386	1,308,130	2,144,219	54,711
12. Net income or (loss) (Line 32).....	84,545,585	(21,330,429)	30,666,365	(6,385,813)	4,265,332
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11).....	77,990,236	138,467,700	(6,398,134)	14,314,223	12,274,499
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	919,065,983	830,545,432	866,336,545	842,782,350	817,802,098
15. Authorized control level risk-based capital.....	125,188,323	104,849,670	103,665,567	97,623,185	87,713,627
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7).....	617,680	618,679	665,312	667,690	646,607
17. Total member months (Column 6, Line 7).....	7,437,192	7,739,589	8,147,024	7,992,408	7,868,278
<b>Operating Percentage (Page 4)</b> <b>(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0</b>					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19).....	81.8	81.0	87.8	88.1	85.3
20. Cost containment expenses.....	0.8	0.5	0.3	0.1	0.1
21. Other claims adjustment expenses.....	3.6	3.5	3.3	3.6	3.9
22. Total underwriting deductions (Line 23).....	97.3	100.5	99.7	101.2	99.1
23. Total underwriting gain (loss) (Line 24).....	2.7	(0.5)	0.3	(1.2)	0.9
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13, Col. 5).....	188,981,040	173,881,265	190,239,124	165,424,003	152,601,922
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	206,900,568	229,441,942	252,867,092	215,906,819	207,562,965
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....	381,496,941	169,735,848	167,411,928	158,297,966	153,302,313
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....	81,303,178	99,708,187	94,978,028	86,068,544	79,826,804
32. Total of above Lines 26 to 31.....	462,800,119	269,444,035	262,389,956	244,366,510	233,129,117
33. Total investment in parent included in Lines 26 to 31 above.....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [ ] No [ ]

If no, please explain:

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**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Allocated by States and Territories

State, Etc.	1 Active Status (a)	Direct Business Only							9 Deposit-Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	
1. Alabama.....AL	..N								0
2. Alaska.....AK	..N								0
3. Arizona.....AZ	..N								0
4. Arkansas.....AR	..L	1,946,555,159	103,345,935		287,744,539				2,337,645,633
5. California.....CA	..N								0
6. Colorado.....CO	..N								0
7. Connecticut.....CT	..N								0
8. Delaware.....DE	..N								0
9. District of Columbia.....DC	..N								0
10. Florida.....FL	..N								0
11. Georgia.....GA	..N								0
12. Hawaii.....HI	..N								0
13. Idaho.....ID	..N								0
14. Illinois.....IL	..N								0
15. Indiana.....IN	..N								0
16. Iowa.....IA	..N								0
17. Kansas.....KS	..N								0
18. Kentucky.....KY	..N								0
19. Louisiana.....LA	..N								0
20. Maine.....ME	..N								0
21. Maryland.....MD	..N								0
22. Massachusetts.....MA	..N								0
23. Michigan.....MI	..N								0
24. Minnesota.....MN	..N								0
25. Mississippi.....MS	..N								0
26. Missouri.....MO	..N								0
27. Montana.....MT	..N								0
28. Nebraska.....NE	..N								0
29. Nevada.....NV	..N								0
30. New Hampshire.....NH	..N								0
31. New Jersey.....NJ	..N								0
32. New Mexico.....NM	..N								0
33. New York.....NY	..N								0
34. North Carolina.....NC	..N								0
35. North Dakota.....ND	..N								0
36. Ohio.....OH	..N								0
37. Oklahoma.....OK	..N								0
38. Oregon.....OR	..N								0
39. Pennsylvania.....PA	..N								0
40. Rhode Island.....RI	..N								0
41. South Carolina.....SC	..N								0
42. South Dakota.....SD	..N								0
43. Tennessee.....TN	..N								0
44. Texas.....TX	..L	9,139,953							9,139,953
45. Utah.....UT	..N								0
46. Vermont.....VT	..N								0
47. Virginia.....VA	..N								0
48. Washington.....WA	..N								0
49. West Virginia.....WV	..N								0
50. Wisconsin.....WI	..N								0
51. Wyoming.....WY	..N								0
52. American Samoa.....AS	..N								0
53. Guam.....GU	..N								0
54. Puerto Rico.....PR	..N								0
55. U.S. Virgin Islands.....VI	..N								0
56. Northern Mariana Islands.....MP	..N								0
57. Canada.....CAN	..N								0
58. Aggregate Other alien.....OT	..XXX	0	0	0	0	0	0	0	0
59. Subtotal.....XXX		1,955,695,112	103,345,935	0	287,744,539	0	0	0	2,346,785,586
60. Reporting entity contributions for Employee Benefit Plans.....XXX									0
61. Total (Direct Business).....XXX		1,955,695,112	103,345,935	0	287,744,539	0	0	0	2,346,785,586

**DETAILS OF WRITE-INS**

58001.....									0
58002.....									0
58003.....									0
58998. Summary of remaining write-ins for line 58.....		0	0	0	0	0	0	0	0
58999. Total (Lines 58001 through 58003 + 58998).....		0	0	0	0	0	0	0	0

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....	2
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state.....	0

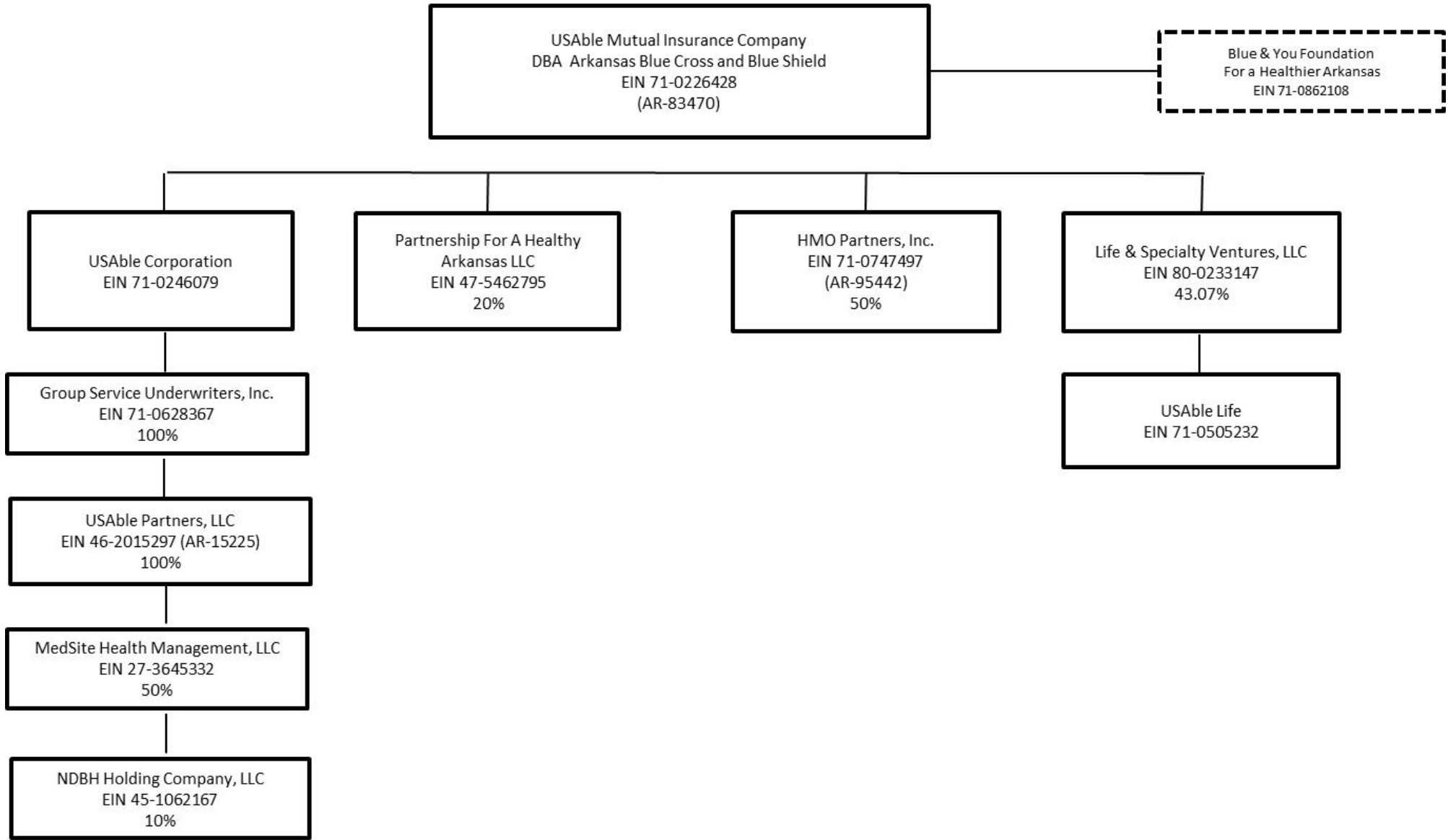
R - Registered - Non-domiciled RRGs.....	0
Q - Qualified - Qualified or accredited reinsurer.....	0
N - None of the above - Not allowed to write business in the state.....	55

(b) Explanation of basis of allocation by states, premiums by state, etc.

Each state's premium is recorded based on system data at the group/individual level.

# SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 – ORGANIZATIONAL CHART



**2019 ALPHABETICAL INDEX  
HEALTH ANNUAL STATEMENT BLANK**

Analysis of Operations By Lines of Business	7	Schedule D – Summary By Country	SI04
Assets	2	Schedule D – Verification Between Years	SI03
Cash Flow	6	Schedule DA – Part 1	E17
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DA – Verification Between Years	SI10
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DB – Part A – Section 1	E18
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part A – Section 2	E19
Exhibit 3A – Health Care Receivables Collected and Accrued	20	Schedule DB – Part A – Verification Between Years	SI11
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21	Schedule DB – Part B – Section 1	E20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22	Schedule DB – Part B – Section 2	E21
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23	Schedule DB – Part B – Verification Between Years	SI11
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24	Schedule DB – Part C – Section 1	SI12
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24	Schedule DB – Part C – Section 2	SI13
Exhibit 8 – Furniture, Equipment and Supplies Owned	25	Schedule DB – Part D – Section 1	E22
Exhibit of Capital Gains (Losses)	15	Schedule DB – Part D – Section 2	E23
Exhibit of Net Investment Income	15	Schedule DB – Part E	E24
Exhibit of Nonadmitted Assets	16	Schedule DB – Verification	SI14
Exhibit of Premiums, Enrollment and Utilization (State Page)	30	Schedule DL – Part 1	E25
Five-Year Historical Data	29	Schedule DL – Part 2	E26
General Interrogatories	27	Schedule E – Part 1 – Cash	E27
Jurat Page	1	Schedule E – Part 2 – Cash Equivalents	E28
Liabilities, Capital and Surplus	3	Schedule E – Verification Between Years	SI15
Notes To Financial Statements	26	Schedule E – Part 3 – Special Deposits	E29
Overflow Page For Write-ins	44	Schedule S – Part 1 – Section 2	31
Schedule A – Part 1	E01	Schedule S – Part 2	32
Schedule A – Part 2	E02	Schedule S – Part 3 – Section 2	33
Schedule A – Part 3	E03	Schedule S – Part 4	34
Schedule A – Verification Between Years	SI02	Schedule S – Part 5	35
Schedule B – Part 1	E04	Schedule S – Part 6	36
Schedule B – Part 2	E05	Schedule S – Part 7	37
Schedule B – Part 3	E06	Schedule T – Part 2 – Interstate Compact	39
Schedule B – Verification Between Years	SI02	Schedule T – Premiums and Other Considerations	38
Schedule BA – Part 1	E07	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule BA – Part 2	E08	Schedule Y – Part 1A – Detail of Insurance Holding Company System	41
Schedule BA – Part 3	E09	Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	42
Schedule BA – Verification Between Years	SI03	Statement of Revenue and Expenses	4
Schedule D – Part 1	E10	Summary Investment Schedule	SI01
Schedule D – Part 1A – Section 1	SI05	Supplemental Exhibits and Schedules Interrogatories	43
Schedule D – Part 1A – Section 2	SI08	Underwriting and Investment Exhibit – Part 1	8
Schedule D – Part 2 – Section 1	E11	Underwriting and Investment Exhibit – Part 2	9
Schedule D – Part 2 – Section 2	E12	Underwriting and Investment Exhibit – Part 2A	10
Schedule D – Part 3	E13	Underwriting and Investment Exhibit – Part 2B	11
Schedule D – Part 4	E14	Underwriting and Investment Exhibit – Part 2C	12
Schedule D – Part 5	E15	Underwriting and Investment Exhibit – Part 2D	13
Schedule D – Part 6 – Section 1	E16	Underwriting and Investment Exhibit – Part 3	14
Schedule D – Part 6 – Section 2	E16		