



ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019
OF THE CONDITION AND AFFAIRS OF THE

MCNA INSURANCE COMPANY

NAIC Group Code 4730 , 4730 NAIC Company Code 14063 Employer's ID Number 522459969
(Current Period) (Prior Period)

Organized under the Laws of Texas , State of Domicile or Port of Entry Texas

Country of Domicile US

Licensed as business type:

Life, Accident and Health [] Property/Casualty [] Hospital, Medical and Dental Service or Indemnity []
Dental Service Corporation [] Vision Service Corporation [] Other []
Health Maintenance Organization [] Is HMO Federally Qualified? Yes () No ()

Incorporated/Organized May 4, 2011 Commenced Business May 4, 2011

Statutory Home Office 100 Congress Avenue Suite 1100, Austin, Texas, US 78701
(Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office 200 West Cypress Creek Road Suite 500, Fort Lauderdale, Florida, US 33309 800-494-6262
(Street and Number, City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 200 West Cypress Creek Road Suite 500, Fort Lauderdale, Florida, US 33309
(Street and Number or P. O. Box, City or Town, State, Country and Zip Code)

Primary Location of Books and Records 200 West Cypress Creek Road Suite 500, Fort Lauderdale, Florida, US 33309
(Street and Number, City or Town, State, Country and Zip Code)
800-494-6262
(Area Code) (Telephone Number)

Internet Website Address www.mcna.net

Statutory Statement Contact Edward Strongin 800-494-6262 x189
(Name) (Area Code) (Telephone Number) (Extension)
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OFFICERS

JEFFREY FEINGOLD (PRESIDENT/CEO)
CARLOS LACASA (SECRETARY)

GLEN FEINGOLD (CHIEF OPERATING OFFICER)
EDWARD STRONGIN (TREASURY)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

JEFFREY FEINGOLD, DDS
GLEN FEINGOLD
BARBARA FEINGOLD
CARLOS LACASA
GARY CLARKE
ALBERT HAWKINS
JACK GREENMAN, CPA
SAM HAMMER, CPA

State of Florida }
County of Broward } SS

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.

JEFFREY FEINGOLD, DDS
PRESIDENT/CEO

GLEN FEINGOLD
CHIEF OPERATING OFFICER

CARLOS LACASA
SECRETARY

Subscribed and sworn to before me this
day of

- 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)	113,356,263		113,356,263	115,410,572
2. Stocks (Schedule D):				
2.1 Preferred stocks	3,426,742		3,426,742	2,926,661
2.2 Common stocks	148,700		148,700	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 56,070,957 , Schedule E-Part 1), cash equivalents (\$ 1,618,502 , Schedule E-Part 2) and short-term investments (\$ 1,809,069 , Schedule DA)	59,498,528		59,498,528	33,282,648
6. Contract loans (including \$ premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	176,430,233		176,430,233	151,619,881
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	973,282		973,282	964,683
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	18,785,370		18,785,370	31,198,592
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$)	337,303	337,303		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	429,593	429,593		
24. Health care (\$ 5,475,344) and other amounts receivable	5,475,344		5,475,344	
25. Aggregate write-ins for other-than-invested assets	2,810,842	2,810,842		330,835
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	205,241,967	3,577,738	201,664,229	184,113,991
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	205,241,967	3,577,738	201,664,229	184,113,991
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepays	2,770,439	2,770,439		
2502. Security Deposit	40,403	40,403		
2503. TDI Premium Tax Refund				330,835
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,810,842	2,810,842		330,835

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 9,957,750 reinsurance ceded)	32,758,182		32,758,182	29,320,036
2. Accrued medical incentive pool and bonus amounts	1,000,000		1,000,000	2,589,422
3. Unpaid claims adjustment expenses				
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act	20,666,449		20,666,449	600,000
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance				
9. General expenses due or accrued	6,564,358		6,564,358	5,752,053
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)				
15. Amounts due to parent, subsidiaries and affiliates				15,454,473
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ 9,957,750 unauthorized reinsurers and \$ certified reinsurers)	9,957,750		9,957,750	8,691,574
20. Reinsurance in unauthorized and certified (\$) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				
23. Aggregate write-ins for other liabilities (including \$ current)	2,435,327		2,435,327	
24. Total liabilities (Lines 1 to 23)	73,382,066		73,382,066	62,407,558
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X	2,000,000	2,000,000
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X	28,000,000	28,000,000
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other-than-special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	98,282,164	91,706,432
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	X X X	X X X		
32.2 shares preferred (value included in Line 27 \$)	X X X	X X X		
33. Total capital and surplus (Line 25 to 31 minus Line 32)	X X X	X X X	128,282,164	121,706,432
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	201,664,229	184,113,990
DETAILS OF WRITE-INS				
2301. Accrued Reimbursement	2,435,327		2,435,327	
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,435,327		2,435,327	
2501.	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	45,667,632	45,784,124
2. Net premium income (including \$ non-health premium income)	X X X	712,907,095	726,570,869
3. Change in unearned premium reserves and reserve for rate credits	X X X	(18,128,443)	(99,476)
4. Fee-for-service (net of \$ medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	694,778,652	726,471,393
Hospital and Medical:			
9. Hospital/medical benefits		760,560,598	785,719,755
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs			
14. Aggregate write-ins for other hospital and medical		(8,000,000)	
15. Incentive pool, withhold adjustments and bonus amounts		(1,589,422)	2,250,000
16. Subtotal (Lines 9 to 15)		750,971,176	787,969,755
Less:			
17. Net reinsurance recoveries		193,704,386	211,558,625
18. Total hospital and medical (Lines 16 minus 17)		557,266,790	576,411,130
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ cost containment expenses			
21. General administrative expenses		118,119,152	135,504,640
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		675,385,942	711,915,770
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	19,392,710	14,555,623
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		4,762,913	3,630,372
26. Net realized capital gains (losses) less capital gains tax of \$		38,084	(744,094)
27. Net investment gains (losses) (Lines 25 plus 26)		4,800,997	2,886,278
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	24,193,707	17,441,901
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	24,193,707	17,441,901
DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401. Claims Cost Recoupment		(8,000,000)	
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)		(8,000,000)	
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (continued)

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting year	121,706,432	125,082,037
34. Net income or (loss) from Line 32	24,193,707	17,441,902
35. Change in valuation basis of aggregate policy and claims reserves	(6,500,000)	
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	4,873,307	(2,423,622)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	2,008,719	(3,393,884)
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	(18,000,000)	(15,000,000)
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Lines 34 to 47)	6,575,732	(3,375,605)
49. Capital and surplus end of reporting year (Line 33 plus 48)	128,282,164	121,706,432
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	745,386,766	698,981,140
2. Net investment income	5,199,476	4,068,624
3. Miscellaneous income		
4. Total (Line 1 through Line 3)	750,586,242	703,049,764
5. Benefit and loss related payments	573,546,509	573,444,791
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	114,716,993	141,382,001
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		
10. Total (Line 5 through Line 9)	688,263,502	714,826,792
11. Net cash from operations (Line 4 minus Line 10)	62,322,739	(11,777,028)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	60,450,139	37,037,836
12.2 Stocks	369,478	269,083
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	591	(30,219)
12.7 Miscellaneous proceeds		127,815
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	60,820,208	37,404,515
13. Cost of investments acquired (long-term only):		
13.1 Bonds	54,029,266	48,822,528
13.2 Stocks	776,660	1,761,187
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	151,543	116,772
13.6 Miscellaneous applications	142,525	
13.7 Total investments acquired (Line 13.1 through Line 13.6)	55,099,994	50,700,487
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	5,720,214	(13,295,972)
Cash from Financing and Miscellaneous Sources		
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	18,000,000	15,000,000
16.6 Other cash provided (applied)	(23,827,073)	11,559,617
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(41,827,073)	(3,440,383)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	26,215,881	(28,513,383)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	33,282,647	61,796,030
19.2 End of year (Line 18 plus Line 19.1)	59,498,528	33,282,647
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE MCNA INSURANCE COMPANY

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	712,907,095							712,907,095		
2. Change in unearned premium reserves and reserve for rate credit	(18,128,443)							(18,128,443)		
3. Fee-for-service (net of \$ medical expenses)										XXX
4. Risk revenue										XXX
5. Aggregate write-ins for other health care related revenues										XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. Total revenues (Lines 1 to 6)	694,778,652							694,778,652		
8. Hospital/medical benefits	760,560,598							760,560,598		XXX
9. Other professional services										XXX
10. Outside referrals										XXX
11. Emergency room and out-of-area										XXX
12. Prescription drugs										XXX
13. Aggregate write-ins for other hospital and medical	(8,000,000)							(8,000,000)		XXX
14. Incentive pool, withhold adjustments, and bonus amounts	(1,589,422)							(1,589,422)		XXX
15. Subtotal (Lines 8 to 14)	750,971,176							750,971,176		XXX
16. Net reinsurance recoveries	193,704,386							193,704,386		XXX
17. Total hospital and medical (Lines 15 minus 16)	557,266,790							557,266,790		XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ cost containment expenses										
20. General administrative expenses	118,119,152							118,119,152		
21. Increase in reserves for accident and health contracts										XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	675,385,942							675,385,942		
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	19,392,710							19,392,710		
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page										XXX
0599. Total (Lines 0501 through 0503 plus 0598) (Line 5 above)										XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. Total (Lines 0601 through 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301. Claims Cost Recoupment	(8,000,000)							(8,000,000)		XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page										XXX
1399. Total (Lines 1301 through 1303 plus 1398) (Line 13 above)	(8,000,000)							(8,000,000)		XXX

UNDERWRITING AND INVESTMENT EXHIBIT

Part 1 - Premiums

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)				
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid	908,070,435		195,163,340	712,907,095
8. Other health				
9. Health subtotal (Lines 1 through 8)	908,070,435		195,163,340	712,907,095
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	908,070,435		195,163,340	712,907,095

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	755,856,277							755,856,277		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	192,438,210							192,438,210		
1.4 Net	563,418,067							563,418,067		
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	42,715,932							42,715,932		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded	9,957,750							9,957,750		
3.4 Net	32,758,182							32,758,182		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	1,000,000							1,000,000		
6. Net health care receivables (a)	8,000,000							8,000,000		
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	38,011,610							38,011,610		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded	8,691,574							8,691,574		
8.4 Net	29,320,036							29,320,036		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	2,589,422							2,589,422		
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	752,560,599							752,560,599		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	193,704,386							193,704,386		
12.4 Net	558,856,213							558,856,213		
13. Incurred medical incentive pools and bonuses	(1,589,422)							(1,589,422)		

(a) Excludes \$ 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 (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. Reported in Process of Adjustment:										
1.1 Direct										
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net										
2. Incurred but Unreported:										
2.1 Direct	42,715,932							42,715,932		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded	9,957,750							9,957,750		
2.4 Net	32,758,182							32,758,182		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	42,715,932							42,715,932		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded	9,957,750							9,957,750		
4.4 Net	32,758,182							32,758,182		

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	6
	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	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental Only						
4. Vision Only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid	26,127,354	537,290,714	2,003	32,756,178	26,129,357	29,320,036
8. Other health						
9. Health subtotal (Lines 1 to 8)	26,127,354	537,290,714	2,003	32,756,178	26,129,357	29,320,036
10. Healthcare receivables (a)		2,524,656		5,475,344		
11. Other non-health						
12. Medical incentive pools and bonus amounts			500,000	500,000	500,000	2,589,422
13. Totals (Lines 9-10+11+12)	26,127,354	534,766,058	502,003	27,780,834	26,629,357	31,909,458

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Comprehensive (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					
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Comprehensive (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					
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital and Medical)

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH 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					
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

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					
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Medicare Supplement

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH 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					
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

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					
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Dental Only

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH 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					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

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					
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Vision Only

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Federal Employees Health Benefit Plan

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Federal Employees Health Benefit Plan

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					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Federal Employees Health Benefit Plan

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH 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					
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

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					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII Medicare

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE MCNA INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH 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	21,821	1	(67)	(27)	6
2. 2015	383,770	23,962	(50)	(21)	(36)
3. 2016	X X X	384,376	26,205	(4)	(46)
4. 2017	X X X	X X X	443,893	27,617	690
5. 2018	X X X	X X X	X X X	543,532	25,513
6. 2019	X X X	X X X	X X X	X X X	537,291

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	21,827	1	(67)	(27)	6
2. 2015	409,751	23,962	(50)	(21)	(36)
3. 2016	X X X	410,250	26,205	(4)	(46)
4. 2017	X X X	X X X	472,737	28,655	690
5. 2018	X X X	X X X	X X X	574,066	26,015
6. 2019	X X X	X X X	X X X	X X X	570,547

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX Medicaid

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015	559,903	407,625			407,625	72.803			407,625	72.803
2. 2016	557,067	410,532			410,532	73.695			410,532	73.695
3. 2017	602,846	472,206			472,206	78.329			472,206	78.329
4. 2018	726,571	571,875			571,875	78.709	502		572,377	78.778
5. 2019	712,907	537,290			537,290	75.366	33,256		570,546	80.031

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH 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					
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

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					
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Other

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE MCNA INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH 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	21,821	1	67	(27)	6
2. 2015	383,770	23,962	(50)	(21)	(36)
3. 2016	X X X	384,376	26,205	(4)	(46)
4. 2017	X X X	X X X	443,893	27,617	690
5. 2018	X X X	X X X	X X X	543,532	25,513
6. 2019	X X X	X X X	X X X	X X X	537,291

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	21,827	1	(67)	(27)	6
2. 2015	409,751	23,962	(50)	(21)	(36)
3. 2016	X X X	410,250	26,205	(4)	(46)
4. 2017	X X X	X X X	472,737	28,655	690
5. 2018	X X X	X X X	X X X	574,066	28,015
6. 2019	X X X	X X X	X X X	X X X	570,547

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2015	559,903	407,625			407,625	72.803			407,625	72.803
2. 2016	557,067	410,532			410,532	73.695			410,532	73.695
3. 2017	602,846	472,206			472,206	78.329			472,206	78.329
4. 2018	726,571	571,875			571,875	78.709	502		572,377	78.778
5. 2019	712,907	537,290			537,290	75.366	33,256		570,546	80.031

**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 Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$ for investment income)	20,666,449							20,666,449	
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)	20,666,449							20,666,449	
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	20,666,449							20,666,449	
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)									

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ for occupancy of own building)			916,415		916,415
2. Salaries, wages and other benefits			7,726,192		7,726,192
3. Commissions (less \$ ceded plus \$ assumed)					
4. Legal fees and expenses			131,891		131,891
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services			2,983,823		2,983,823
7. Traveling expenses			999,592		999,592
8. Marketing and advertising			870,901		870,901
9. Postage, express, and telephone			1,598,823		1,598,823
10. Printing and office supplies			888,518		888,518
11. Occupancy, depreciation and amortization			268,632		268,632
12. Equipment			37,372		37,372
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services			82,211,381		82,211,381
15. Boards, bureaus and association fees			2,048,437		2,048,437
16. Insurance, except on real estate			337,444		337,444
17. Collection and bank service charges			54,760		54,760
18. Group service and administration fees			172,311		172,311
19. Reimbursements by uninsured accident and health plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			682,491		682,491
23.2 State premium taxes			15,693,298		15,693,298
23.3 Regulator authority licenses and fees					
23.4 Payroll taxes			470,221		470,221
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				243,668	243,668
25. Aggregate write-ins for expenses			26,650		26,650
26. Total expenses incurred (Line 1 to Line 25)			118,119,152	243,668	(a) 118,362,820
27. Less expenses unpaid December 31, current year			6,564,358		6,564,358
28. Add expenses unpaid December 31, prior year			5,752,053		5,752,053
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30)			117,306,847	243,668	117,550,515
DETAILS OF WRITE-INS					
2501. Auto Expense			26,650		26,650
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)			26,650		26,650

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

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 91,545	83,029
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 3,662,112	4,596,852
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 188,606	186,941
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 117,741	139,969
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	4,060,004	5,006,791
11. Investment expenses		(g) 243,668
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 210
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		243,878
17. Net investment income (Line 10 minus Line 16)		4,762,913
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

(a) Includes \$ 69,552 accrual of discount less \$ 514,714 amortization of premium and less \$ 360,591 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ 68,047 accrual of discount less \$ 679 amortization of premium and less \$ 21,611 paid for accrued interest on purchases.

(f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	2,584		2,584	19,605	
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	33,451		33,451	4,756,226	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	2,120		2,120	96,813	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	(72)		(72)	663	
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	38,084		38,084	4,873,307	
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	337,303	392,447	55,144
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates	429,593		(429,593)
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	2,810,842	5,194,010	2,383,168
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,577,738	5,586,457	2,008,719
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	3,577,738	5,586,457	2,008,719
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Security Deposit	40,403	39,503	(900)
2502. Prepaids	2,770,439	5,154,507	2,384,068
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,810,842	5,194,010	2,383,168

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						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	3,830,420	3,889,029	3,768,740	3,843,276	3,748,992	45,667,632
7. Total	3,830,420	3,889,029	3,768,740	3,843,276	3,748,992	45,667,632
DETAILS OF WRITE-INS						
0601. Agency - State Contract	3,830,420	3,889,029	3,768,740	3,843,276	3,748,992	45,667,632
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	3,830,420	3,889,029	3,768,740	3,843,276	3,748,992	45,667,632

NOTES TO FINANCIAL STATEMENTS**1. Summary of Significant Accounting Policies**

A) Accounting Practices

MCNA Insurance Company ("Company") prepares its financial statements in accordance with accounting and reporting practices prescribed by the National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual, which was adopted by the Texas Department of Insurance, and constitutes what is referred to as the Statutory Basis of Accounting. Such accounting and reporting is significantly different than generally accepted accounting principles (GAAP) in the United States; and therefore, the accompanying financial statements do not intend to present financial position, results of operations, and cash flows in accordance with GAAP.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Texas is shown below:

	<u>SSAP #</u>	<u>F/S Page</u>	<u>F/S Line #</u>	<u>2019</u>	<u>2018</u>
<u>NET INCOME</u>					
(1) MCNA Insurance Company state basis	_____	_____	_____	\$ 24,193,707	\$ 17,441,902
(2) State Prescribed Practices that increase/(decrease) NAIC SAP: None	_____	_____	_____	_____	_____
(3) State Permitted Practices that increase/(decrease) NAIC SAP: None	_____	_____	_____	_____	_____
(4) NAIC SAP (1-2-3=4)	_____	_____	_____	<u>\$ 24,193,707</u>	<u>\$ 17,441,902</u>
<u>SURPLUS</u>					
(5) MCNA Insurance Company state basis	_____	_____	_____	\$ 128,282,164	\$ 121,706,432
(6) State Prescribed Practices that increase/(decrease) NAIC SAP: None	_____	_____	_____	_____	_____
(7) State Permitted Practices that increase/(decrease) NAIC SAP: None	_____	_____	_____	_____	_____
(8) NAIC SAP (5-6-7=8)	_____	_____	_____	<u>\$ 128,282,164</u>	<u>\$ 121,706,432</u>

NOTES TO FINANCIAL STATEMENTS

B) Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions concerning dental costs, investment valuation and other factors that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date of the statement of admitted assets, liabilities, capital and surplus, and the revenues and expenses for the year ended December 31, 2019. Such estimates are based on historical experience and other assumptions that are considered appropriate in the circumstances. However, actual results could differ from those estimates and these differences may be material.

C) Accounting Policies

Based on the Company's contracts with various Medicaid agencies, capitation fees are recorded as revenue except for those deemed to be advances under the terms of the contract. Advance premiums are reflected as unearned and recognized as revenue when earned. For the year ended December 31, 2019, the Company recorded net capitation fees of \$712,907,095, inclusive of reinsurance experience refund. Current year changes to health policy reserves under various state contracts offset net capitation revenues by \$18,128,443.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments consist of liquid investments, with maturity dates of one year or less at the time of acquisition and are stated at fair market value.
- (2) Bonds are stated at fair market value.
- (3) Common stocks are stated at fair market value.
- (4) Preferred stocks are stated at fair market value.
- (5) The Company does not have any investments in mortgage loans on real estate.
- (6) The Company does not have any investments in loan-backed securities.
- (7) The Company does not have any investments in subsidiaries, controlled and affiliated entities.

NOTES TO FINANCIAL STATEMENTS

- (8) The Company does not have any investments in joint ventures, partnerships, and limited liability companies.
- (9) The Company does not have any investments in derivatives.
- (10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11) The Company records the cost of services provided by the dentists and specialists in its network based on actual fee-for-service claims submitted, plus an estimate for the cost of services incurred but not reported. For the year ended December 31, 2019, the Company's cost for dental services was \$760,560,598 before amounts ceded to reinsurer of \$193,704,386 and estimated amounts under recoupment initiative of \$8,000,000.
- At year end, the Company's estimate for the cost of dental services incurred but not reported is computed by an independent actuary using standard actuarial methodologies. While management believes the amounts for such liabilities are adequate, these liabilities are based on assumptions and estimates with the ultimate liability being in excess of or less than the amount provided.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company does not have any pharmaceutical rebates receivable.

D) Going Concern – Not applicable

2. Accounting Changes and Correction of Errors

During 2019 it was determined that the Company had not previously recorded a reserve for its minimum dental loss ratio as required by contract. This correction of \$6,500,000 was recorded as a reduction to opening capital and surplus, leaving the Company in full compliance for all periods reported.

3. Business Combinations and Goodwill

This note is not applicable to the Company.

NOTES TO FINANCIAL STATEMENTS

4. Discontinued Operations

This note is not applicable to the Company.

5. Investments

- A. The Company does not have any Mortgage loans, including Mezzanine Real Estate Loans.
- B. The Company does not have any Debt Restructuring.
- C. The Company does not have any Reverse Mortgages.
- D. The Company does not have any Loan-Backed Securities.
- E. The Company does not have any Dollar Repurchase Agreements and/or Securities Lending Transactions.
- F. The Company does not own any Repurchase Agreements Transactions Accounted for as Secured Borrowing.
- G. The Company does not own any Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing.
- H. The Company does not own any Repurchase Agreements Transactions Accounted for as a Sale.
- I. The Company does not own any Reverse Repurchase Agreements Transactions Accounted for as a Sale.
- J. The Company does not own any Real Estate.
- K. The Company does not have any investments in low-income housing tax credits (LIHTC).
- L. Restricted Assets

The Company normally maintains US Treasury Notes in the amount of \$2,399,487, held by the Texas Treasury Safekeeping Trust, for the restricted benefit of the Commissioner of Insurance for the State of Texas. This amount is included in total admitted assets and comprises 1.19% of total admitted assets.

NOTES TO FINANCIAL STATEMENTS

The company also maintains approximately \$400,000 restricted assets as listed below.

(1) Restricted Assets (Including Pledged)

NOTES TO FINANCIAL STATEMENTS

		1	2	3	4	5	6	7
Restricted Asset Category	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Nondmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Admitted Restricted in Total Admitted Assets (b)	
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
b. Collateral held under security leding agreements	-	-	-	-	-	-	-	
c. Subject to repurchase agreements	-	-	-	-	-	-	-	
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-	
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-	
f. Subject to dollar reserve 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	2,399,487	2,397,953	1,534	-	2,399,487	1.2%	1.2%	
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	400,162	300,274	99,888	-	400,162	0.2%	0.2%	
o. Total Restricted Assets	\$ 2,799,649	\$ 2,698,227	\$ 101,422	\$ -	\$ 2,799,649	1.4%	1.4%	
	(a) Column 1 divided by Asset Page, Column 1, Line 28							
	(b) Column 5 divided by Asset Page, Column 3, Line 28							

(2) This note is not applicable to the Company.

NOTES TO FINANCIAL STATEMENTS

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics. Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

	1	2	3	4	5	6
Description of Assets	Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
Certificate of Deposit for Arkansas	\$ 100,015	\$ 100,180	(165)	\$ 100,015	0.049%	0.050%
U.S. Treasury Notes for Nevada	\$ 200,312	\$ 200,094	218	\$ 200,312	0.098%	0.099%
U.S. Treasury Notes for Ohio	\$ 99,836	\$ -	99,836	\$ 99,836	0.049%	0.050%
	-	-	-	-		
Total	\$ 400,162	\$ 300,274	\$ 99,888	\$ 400,162	0.195%	0.198%

(4) This note is not applicable to the Company

M. The Company does not have working capital finance investments.

N. The Company does not have any Offsetting and Netting Assets and Liabilities

O. The Company does not have any 5* Securities.

P. The Company does not have any Short Sales.

Q. The Company does not have any Prepayment Penalty and Acceleration Fees

6. Joint Ventures, Partnerships and Limited Liability Companies

This note is not applicable to the Company.

7. Investment Income

A. All investment income due and accrued with amounts that are over 90 days past due are excluded (nonadmitted) from surplus.

B. The Company did not exclude any investment income.

NOTES TO FINANCIAL STATEMENTS

8. Derivative Instruments

This note is not applicable to the Company.

9. Income Taxes

The Company is a wholly-owned subsidiary of MCNA Health Care Holdings, LLC. Qualified S Corporation Subsidiary (Q Sub) elections have been filed for the Company and its affiliates, and accepted by Internal Revenue Service. Accordingly, the Company and its affiliates Managed Care of North America, Inc., MCNA Systems Corp, and Sierra Dental, which are considered disregarded entities for Federal income tax purposes, will file a consolidated return with their common parent. Under provisions of Subchapter S of the Internal Revenue Code, in lieu of corporate income tax expense or benefit, the stockholder(s) of an S Corporation report their proportionate share of the Company's taxable income or loss. Additionally, an S Corporation is normally not subject to state taxes or state filing requirements. Therefore, no provision or liability for federal or state income tax expense nor any deferred tax benefit or liability is included in the statutory financial statements. No elections have been made regarding admitting deferred tax assets nor has there been any deferred income tax effect on the Company's capital and surplus.

10. Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

- A. The Company is affiliated with Managed Care of North America, Inc. through their common parent MCNA Health Care Holdings, LLC.
- B. The Company has approved management services agreements with parent MCNA Health Care Holdings, LLC. The Company also entered into dental administrative services agreements with its affiliate, Managed Care of North America, Inc., for third-party administration as well as other delegated services, based upon requirements of each line of business.
- C. During the year ended December 31, 2019, the Company paid approximately \$13,600,000 in fees to its parent under the aforementioned management services agreement, based on a percentage of revenue.

For the year ended December 31, 2019, the Company paid approximately \$59,900,000, net of allocations, for dental administrative service fees to its affiliate, based on per-member per-month (PMPM) charges.

NOTES TO FINANCIAL STATEMENTS

There were no changes in terms to previously existing agreements from that used in the preceding period. Separate agreements will cover services required for the Company's most recent lines of business.

- D. As of December 31, 2019, the Company had a balance due from related parties of approximately \$430,000, which was for payment of various operating expenses advanced through the reporting period.
- E. The Company has no guarantees or undertakings, written or otherwise.
- F. The Company's only related-party agreements are those that are discussed above in Section B and C of this note.
- G. All outstanding shares of the Company are owned by its parent, MCNA Health Care Holdings LLC, which is domiciled in the State of Florida.
- H. The Company has no investment in any upstream entity, either directly or indirectly.
- I. The Company has no investments in Subsidiary, Controlled or Affiliated (SCA) entities.
- J. The Company has no investments in any SCA entity, impaired or otherwise.
- K. The Company has no investments in a foreign insurance subsidiary.
- L. The Company has no investments in a downstream non-insurance holding company.
- M. The Company has no investments in Subsidiary, Controlled or Affiliated (SCA) entities.
- N. The Company has no investments in an insurance SCA.
- O. This note is not applicable to the Company.

11. Debt

This note is not applicable to the Company.

NOTES TO FINANCIAL STATEMENTS

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. The Company does not have a defined benefit plan.
- B. This note is not applicable to the Company.
- C. This note is not applicable to the Company.
- D. This note is not applicable to the Company.
- E. The Company's employees participate in a 401(k) "safe harbor" plan ("the Plan") established during 2012 and sponsored by the parent company (MCNA Health Care Holdings, LLC). Eligible employees are permitted to defer compensation up to IRS limitations based on their age at the end of each plan year. The Plan offers a "safe harbor" matching contribution equal to the minimum of the sum of 100% of the first 3% of annual compensation plus an additional 50% of the next 2% based on amount of compensation the employee contributes to the Plan. The Company has realized a credit of approximately \$8,900 for lower anticipated matching expense for the plan year 2018 and has expensed an estimated \$49,000 associated with the anticipated matching portion of the Plan for the year ending December 31, 2019. The matching portion for the plan year 2018 was paid on June 30, 2019 in the amount of approximately \$30,500.
- F. The Company does not have multiemployer plans.
- G. See Note 12E above.
- H. The Company's post employment benefits for compensated absences are immaterial.
- I. Not applicable to the Company.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 1,000,000 common shares authorized and 700,000 shares issued and outstanding with capital stock of \$2,000,000.
- (2) The Company has no preferred shares outstanding.

NOTES TO FINANCIAL STATEMENTS

- (3) Pursuant to Texas Insurance Code Section 403.001, the Company may not pay a dividend except from surplus profits arising from the business.
- (4) On September 17, 2019 the Company, with acknowledgment from Texas Department of Insurance, issued a dividend payment of \$18,000,000 to its parent.
- (5) The Company may make distributions to its parent to pay income taxes, if any, arising out of pass-through income. Distributions in excess of those necessary for taxes require approval of reinsurer and Holding Company (Parent) lender.
- (6) There are no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (7) Not applicable.
- (8) There are no amounts of stock held for special purposes.
- (9) Not applicable.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses was approximately \$4,900,000 for unrealized net gains as of December 31, 2019.
- (11) The Company has no surplus notes.
- (12) Not applicable.
- (13) Not applicable.

14. Liabilities, Contingencies, and Assessments

- A. The Company has no material contingent liabilities.
- B. The Company has not been advised of any assessments other than that described in 14 F below.
- C. The Company has no gain contingencies. See 14 F below

NOTES TO FINANCIAL STATEMENTS

- D. The Company has no extra contractual obligations or bad faith losses stemming from lawsuits.
- E. The Company has no joint and several liabilities.
- F. In addition to the Company's dependency on its major State Medicaid contracts, it is a regulated entity under Texas, Louisiana, Iowa, Idaho, Nebraska, Arkansas, and Utah Insurance Codes, where we currently operate, and as such is subject to, among other things, changes in initiatives to increase healthcare regulations and restrict insurance pricing and the application of underwriting standards.

Agency's OIG has issued its final report for the period SFY 2017 through Q2 2018. Financial results of the final report had no material impact on Company's financial statements. There is no material pending or threatened legal action against the Company. The likelihood or outcome of current or future suits cannot be accurately predicted. In addition, the potential for increased liability for negligence arising from claim adjudication, along with possible increased litigation adds to this uncertainty. Such legal actions or government audits and investigations could have an adverse effect on the Company's financial position, results of operations or cash flows.

During June 2019, HHSC submitted a demand letter for payment of previous year FSR adjustments plus interest, totaling \$1.485M. The Company made payment and immediately proceeded toward Administrative Appeal, covering several years' findings, by sending supporting documentation and our refund request. The matter is pending resolution with HHSC Finance and Medicaid Director.

15. Leases**A. Lessee Operating Lease**

- (1) The Company has non-cancelable leases for office facilities in San Antonio, Texas; Metairie, Louisiana; Lincoln, Nebraska; and Little Rock, Arkansas that provide for base monthly rent with annual increases plus pro-rata share of common area maintenance through April 2022 for the San Antonio, Lincoln, and Little Rock leases and through 2019 for the Metairie lease. Rent expense for the years ended December 31, 2019, and December 31, 2018 was approximately \$920,000, and \$740,000 respectively.

NOTES TO FINANCIAL STATEMENTS

(2) At January 1, of said year, the minimum aggregate rental commitments under these leases are as follows:

Years Ending <u>December 31,</u>	<u>Operating Leases</u>
2020	871,063
2021	895,863
2022	346,405
2023	-
2024	-
	<u>\$ 2,113,331</u>

B. The Company has no lessor arrangements.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash deposits in excess of the Federal Deposit Insurance Corporation's insured limit of \$250,000. The Company generally limits exposure by placing deposits with several quality financial institutions. However, at times, such cash balances may be in excess of insured amounts.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note is not applicable to the Company.

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

This note is not applicable to the Company.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

This note is not applicable to the Company.

NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurements

Generally accepted accounting principles require that certain assets and liabilities be measured at fair market value while allowing the option to carry certain other assets and liabilities that were not previously measured at fair value at their previous carrying value. In this connection, fair value measurements establish a hierarchy to prioritize the computation of fair value. Such hierarchy consists of a) - valuations based on quoted prices in active markets for identical assets or liabilities (Level 1), b) - valuations based on observable quoted prices for similar assets and liabilities in active markets (Level 2), and c) - valuations based on inputs that are unobservable and are supported by little or no market activity, therefore, requiring management's best estimate of what market participants would use as fair value (Level 3). The Company valued all its investments at December 31, 2019 as Level 1.

A.

- (1) Fair Value at Reporting Date
- (2) The Company had no Level 3 investments.
- (3) The Company had no transfers between levels during the year ended December 31, 2019.
- (4) The Company had no Level 2 or Level 3 investments.

NOTES TO FINANCIAL STATEMENTS

Description	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (Nav)	Total
a. Assets at Fair Value					
Perpetual Preferred Stock					
Industrial and Misc	3,426,742	-	-	-	3,426,742
Parent, Subsidiaries & Affiliates	-	-	-	-	-
Total Perpetual Preferred Stock	3,426,742	-	-	-	3,426,742
Bonds					
U. S. Government	48,822,395	-	-	-	48,822,395
Industrial and Misc	64,528,992	-	-	-	64,528,992
Hybrid Securities	-	-	-	-	-
Parent, Subsidiaries & Affiliates	-	-	-	-	-
Total Bonds	113,351,387	-	-	-	113,351,387
Common Stock					
Industrial and Misc	148,700	-	-	-	148,700.00
Parent, Subsidiaries & Affiliates	-	-	-	-	-
Total Common Stock	148,700	-	-	-	148,700.00
Derivative assets					
Interest rate contracts	-	-	-	-	-
Foreign exchange contracts	-	-	-	-	-
Credit contracts	-	-	-	-	-
Commodity futures contracts	-	-	-	-	-
Commodity forward contracts	-	-	-	-	-
Total Derivatives	-	-	-	-	-
Separate account assets	-				
Total Assets at Fair Value/NAV	116,926,829	-	-	-	116,926,829
b. Liabilities at Fair Value					
Derivative liabilities	-	-	-	-	-
.....	-	-	-	-	-
.....	-	-	-	-	-
Total Liabilities at Fair Value	-	-	-	-	-

(5) The Company had no derivative assets and liabilities during the year ended December 31, 2019.

NOTES TO FINANCIAL STATEMENTS

B. Not required.

C. Fair Value Level

Type of Financial Investment	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
US Government - Issuer Obligation Bonds	\$ 48,822,395	\$ 48,822,395	\$ 48,822,395	-	-	-
Industrial and Misc Bonds	64,528,992	64,528,992	64,528,992	-	-	-
Preferred Stocks	3,426,742	3,426,742	3,426,742	-	-	-
Common Stocks	148,700	148,700	148,700	-	-	-

D. This note is not applicable to the Company.

E. This note is not applicable to the Company.

21. Other Items

A. The Company has no unusual or infrequent items to report.

B. The Company has no troubled debt restructuring.

C. Other Disclosures – none

D. The Company has not had any business interruption insurance recoveries.

E. The Company has not been involved in state transferable tax credits.

F. The Company has not had any subprime-mortgage-related risk exposure.

G. The Company has no retained assets.

H. The Company has no Insurance-Linked Securities (ILS).

NOTES TO FINANCIAL STATEMENTS

- I. The Company has no life insurance where the reporting entity is Owner and Beneficiary or has otherwise obtained rights to control the policy.

22. Events SubsequentType I – Recognized Subsequent Events:

Subsequent events have been considered through February 28, 2020 for the statutory statement issued on March 02, 2020.

There were no Type I subsequent events.

Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through February 28, 2020 for the statutory statement issued on March 02, 2020.

There were no Type II subsequent events

		Current Year	Prior Year
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)?	Yes (X) No ()	
B.	ACA fee assessment payable for the upcoming year	\$ 17,378,254	\$ -
C.	ACA fee assessment paid	\$ -	\$ 15,640,893
D.	Premium written subject to ACA 9010 assessment	\$ 898,140,953	\$ 816,810,206
E.	Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$ 128,282,164	
F.	Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 110,903,910	
G.	Authorized Control Level (Five-Year Historical Line 15)	\$ 26,543,798	
H.	Would reporting the ACA assessment as of December 31, 2017, have triggered an RBC action level (YES/NO)?	Yes () No (X)	

NOTES TO FINANCIAL STATEMENTS

23. Reinsurance

In February 2012, the Company signed a Risk Premium Reinsurance Agreement with a reinsurance company (“the Reinsurer”). The agreement indemnifies the Company for an agreed upon quota share of dental insurance risk assumed by the Reinsurer under the terms and conditions as set forth in its contracts. During the year ended December 31, 2019, the Company ceded to the reinsurer premiums of \$228,452,157 and claims costs of \$193,704,386. After its experience refund, the Company incurred and paid \$1,458,954 of net reinsurance expense.

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.

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 credit?

NOTES TO FINANCIAL STATEMENTS

Yes () No (X)

- (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.

Not Applicable

- (2) Have any new agreements been executed or existing agreements amended, since January 1st 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. Not applicable to the Company.
- C. Not applicable to the Company.
- D. Not applicable to the Company.

NOTES TO FINANCIAL STATEMENTS

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

In connection with the Company's contract with HHSC, it is obligated to pay an Experience Rebate if net income before taxes is greater than a graduated percentage of total revenues for any state fiscal year period. Pre-tax net income to revenues less than 3% is maintained 100% by the Company, with each increasing percentage lowering the Company's share and increasing HHSC share, up to 12%. All pre-tax net income above 12% is rebated 100% to the agency. As of December 31, 2019, the Company has calculated a total estimated experience rebate liability of approximately \$500,000 related to potential exposure arising from the Company's recoupment initiative discussed in Note 1C(11).

- A. Not applicable to the Company.
- B. Not applicable to the Company.
- C. Not applicable to the Company.
- D. Not applicable to the Company.
- E. See Note 14 F and Note 22.

25. Change in Incurred Claims and Claim Adjustment Expenses

- A. Net incurred claims reserve was \$29,320,036 as of December 31, 2019. During the year ended December 31, 2019, \$26,127,354 has been paid for incurred claims and claim adjustment expenses attributable to prior years. Reserves remaining for prior years are now \$2,003 as a result of re-estimation of unpaid claims and claim adjustment expenses. Accordingly, there was \$3,190,679 of favorable prior-year's reserves applied during 2019. Original estimates are adjusted as additional information becomes known regarding individual claims and the market in which the Company operates.
- B. The Company had no significant changes in methodologies or assumptions.

26. Intercompany Pooling Arrangements

The Company is not part of a group of affiliated insurers that utilizes a pooling arrangement.

NOTES TO FINANCIAL STATEMENTS

27. Structured Settlements

This note is not applicable to the Company.

28. Health Care Receivables

A. The Company has no Pharmaceutical Rebate Receivables.

B. The Company has no Risk Sharing Receivables.

29. Participating Policies

The Company did not have any participating policies.

30. Premium Deficiency Reserves

This Company did not have any premium deficiency reserves.

31. Anticipated Salvage and Subrogation

There is no salvage or subrogation to disclose.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 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 (X)
- 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 the 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 (X)
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with 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?
Wakely Consulting Group, 7650 Courtney Campbell Causeway, Suite 1250, Tampa, FL 33607
- 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
.....
- 12.13 Total book/adjusted carrying value \$
- 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 (X)
- 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?
(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. Yes (X) No ()
- 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 issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
--	--------------------------------------	--	-------------

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate 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 | \$ |
| | 20.12 To stockholders not officers | \$ |
| | 20.13 Trustees, supreme or grand (Fraternal only) | \$ |
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|----------|
| | 20.21 To directors or other officers | \$ |
| | 20.22 To stockholders not officers | \$ |
| | 20.23 Trustees, supreme or grand (Fraternal only) | \$ |
- 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 reported 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 | \$ |
| | 21.22 Borrowed from others | \$ |
| | 21.23 Leased from others | \$ |
| | 21.24 Other | \$ |

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 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 () No (X)
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$
- 22.22 Amount paid as expenses \$
- 22.23 Other amounts paid \$
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes (X) No ()
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 429,593

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 (X)
- 24.02 If no, give full and complete information relating thereto:
All bonds and other securities owned throughout the current year were held pursuant to a custodial agreement with a qualified bank or trust company in accordance with the NAIC Financial Condition Examiners Handbook.
- 24.03 For the 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 Risk-Based Capital Instructions? Yes () No () N/A (X)
- 24.05 If answer to 24.04 is YES, report amount of collateral for conforming programs. \$
- 24.06 If answer to 24.04 is NO, report amount of collateral for other programs. \$
- 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 (X)
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes () No () N/A (X)
- 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 (X)
- 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 reinvented collateral assets reported on Schedule DL, Parts 1 and 2 \$
- 24.102 Total book adjusted/carrying value of reinvented collateral assets reported on Schedule DL, Parts 1 and 2 \$
- 24.103 Total payable for securities lending reported on the liability page \$
- 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 currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes (X) No ()
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$
- 25.22 Subject to reverse repurchase agreements \$
- 25.23 Subject to dollar repurchase agreements \$
- 25.24 Subject to reverse dollar repurchase agreements \$
- 25.25 Placed under option agreements \$
- 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock \$
- 25.27 FHLB Capital Stock \$
- 25.28 On deposit with states \$ 2,399,486
- 25.29 On deposit with other regulatory bodies \$
- 25.30 Pledged as collateral - excluding collateral pledged to an FHLB \$
- 25.31 Pledged as collateral to FHLB - including assets backing funding agreements \$
- 25.32 Other \$ 400,162

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 (X)
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes () No () N/A (X)
- 26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes () No (X)
- 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 (X)
- 26.42 Permitted accounting practice Yes () No (X)
- 26.43 Other accounting guidance Yes () No (X)
- 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 (X)
- 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 Guideline 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 that 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 (X)
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$
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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 (X)

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
---------------------------	--------------------------

RBC Advisors Services 200 Vasey Street, New York, NY 10281
 Morgan Stanley/SAGE 100 North Tampa Street, Suite 3000, Tampa, FL 33602
 Merrill Lynch 2049 Century Park E 11/12 FL, Century City, CA 90067

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:

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
---------------------------------	------------------

Gables Capital Management, Inc U
 Morgan Stanley/SAGE U
 Merrill Lynch 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 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 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 Identified (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
---	---------------------------------	------------------------------------	----------------------	--

109608 Gables Capital Management, Inc
 Morgan Stanley/SAGE
 Merrill Lynch

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 Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
-------------------	--------------------------	-----------------------------------

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

1 Name of Mutual Fund (from question 29.2)	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	\$ 115,165,332	\$ 115,160,456	\$ (4,876)
30.2 Preferred stocks	\$ 3,426,742	\$ 3,426,742	\$
30.3 Totals	\$ 118,592,074	\$ 118,587,198	\$ (4,876)

30.4 Describe the sources or methods utilized in determining the fair values:
 Record of market value based on 12/31/2019 statement for each custodian.

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 () No (X)

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 () 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:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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:

OTHER

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

- 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 a 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? \$

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
.....	\$
.....	\$
.....	\$
.....	\$

37.1 Amount of payments for legal expenses, if any? \$ 132,210

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
John R. Pitts	\$ 55,550
Kutak Rock LLP	\$ 42,980
Dornan, Troia, Howard, Breikreutz & Com	\$ 33,680
.....	\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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
.....	\$
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes () No (X)

1.2 If yes, indicate premium earned on U.S. business only. \$

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$

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 \$

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$

1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned \$

1.62 Total incurred claims \$

1.63 Number of covered lives

All years prior to most current three years:
 1.64 Total premium earned \$

1.65 Total incurred claims \$

1.66 Number of covered lives

1.7 Group policies:
 Most current three years:
 1.71 Total premium earned \$

1.72 Total incurred claims \$

1.73 Number of covered lives

All years prior to most current three years:
 1.74 Total premium earned \$

1.75 Total incurred claims \$

1.76 Number of covered lives

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ 712,907,095	\$ 726,570,869
2.2 Premium Denominator	\$ 712,907,095	\$ 726,570,869
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	\$ 54,424,631	\$ 32,509,458
2.5 Reserve Denominator	\$ 54,424,631	\$ 32,509,458
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000

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 () No (X)

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 (X) No ()

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes () No (X)

5.1 Does the reporting entity have stop-loss reinsurance? Yes () No (X)

5.2 If no, explain:
 No specific limit under quota-share program.

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical	\$
5.32 Medical Only	\$
5.33 Medicare Supplement	\$
5.34 Dental & Vision	\$ 12,000
5.35 Other Limited Benefit Plan	\$
5.36 Other	\$

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:

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes (X) 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	9,641
8.2 Number of providers at end of reporting year	12,018

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes () No (X)

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months	\$
9.22 Business with rate guarantees over 36 months	\$

10.1 Does the reporting entity have Incentive Pool, Withhold, or Bonus Arrangements in its provider contracts? Yes () No (X)

10.2 If yes:

10.21 Maximum amount payable bonuses	\$
10.22 Amount actually paid for year bonuses	\$
10.23 Maximum amount payable withholds	\$
10.24 Amount actually paid for year withholds	\$

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 11.1 Is the reporting entity organized as:
- | | | |
|--|--|----------------|
| | 11.12 A Medical Group / Staff Model, | Yes () No (X) |
| | 11.13 An Individual Practice Association (IPA), or | Yes () No (X) |
| | 11.14 A Mixed Model (combination of above)? | Yes () No (X) |
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes (X) No ()
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus. Texas
- 11.4 If yes, show the amount required. \$ 69,500,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes (X) No ()
- 11.6 If the amount is calculated, show the calculation
10:1 Writing ratio
12. List the service areas in which reporting entity is licensed to operate:

1 Name of Service Area

- Texas - Statewide
- Louisiana - Statewide
- Iowa - Statewide
- Idaho - Statewide
- Nebraska - Statewide
- Arkansas - Statewide
- Utah - Statewide

- 13.1 Do you act as a custodian for health savings accounts? Yes () No (X)
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$
- 13.3 Do you act as an administrator for health savings accounts? Yes () No (X)
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes () No () N/A (X)
- 14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other

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 Premiums Written | \$ |
| 15.2 Total Incurred Claims | \$ |
| 15.3 Number of Covered Lives | |

*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 (X) 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 (X)

FIVE - YEAR HISTORICAL DATA

	1	2	3	4	5
	2019	2018	2017	2016	2015
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	201,664,229	184,113,991	175,809,846	171,915,267	159,959,254
2. Total liabilities (Page 3, Line 24)	73,382,066	62,407,559	50,727,808	50,480,449	48,193,272
3. Statutory minimum capital and surplus requirement	69,500,000	72,600,000	20,000,000	20,000,000	20,000,000
4. Total capital and surplus (Page 3, Line 33)	128,282,164	121,706,432	125,082,037	121,434,817	111,765,981
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	694,778,652	726,471,393	594,914,720	551,429,414	556,576,975
6. Total medical and hospital expenses (Line 18)	557,266,790	576,411,130	472,951,005	409,879,872	410,014,718
7. Claims adjustment expenses (Line 20)					
8. Total administrative expenses (Line 21)	118,119,152	135,504,640	106,967,116	115,617,999	111,929,658
9. Net underwriting gain (loss) (Line 24)	19,392,710	14,555,623	14,996,598	25,931,543	34,632,599
10. Net investment gain (loss) (Line 27)	4,800,997	2,886,278	2,013,136	1,812,248	681,242
11. Total other income (Line 28 plus Line 29)					
12. Net income or (loss) (Line 32)	24,193,707	17,441,902	17,009,734	27,743,791	35,313,841
CASH FLOW (Page 6)					
13. Net cash from operations (Line 11)	62,322,739	(11,777,028)	34,649,477	29,680,032	26,693,508
RISK-BASED CAPITAL ANALYSIS					
14. Total adjusted capital	128,282,164	121,706,432	125,082,037	121,434,817	111,765,981
15. Authorized control level risk-based capital	26,543,798	27,462,942	22,372,975	15,764,567	15,769,135
ENROLLMENT (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	3,748,992	3,830,420	3,558,642	2,931,282	2,576,963
17. Total members months (Column 6, Line 7)	45,667,632	45,784,124	39,660,443	32,558,617	30,585,054
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 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)	80.2	79.3	79.5	74.3	73.7
20. Cost containment expenses					
21. Other claims adjustment expenses					
22. Total underwriting deductions (Line 23)	97.2	98.0	97.5	95.3	93.8
23. Total underwriting gain (loss) (Line 24)	2.8	2.0	2.5	4.7	6.2
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	26,629,357	31,190,853	26,088,304	26,778,582	24,255,721
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	31,909,458	28,843,642	25,874,119	27,148,568	24,975,250
INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES					
26. Affiliated bonds (Schedule D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Schedule D Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Schedule D Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31					
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:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1		Direct Business Only Year to Date							
	Active Status (a)		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Column 2 Through Column 7	9 Deposit-Type Contracts
1. Alabama	AL	L								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	L			66,116,033				66,116,033	
5. California	CA	L								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	L			58,187,209				58,187,209	
14. Illinois	IL	L								
15. Indiana	IN	N								
16. Iowa	IA	L			22,146,113				22,146,113	
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	L			173,893,393				173,893,393	
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	L								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	L								
27. Montana	MT	N								
28. Nebraska	NE	L			57,551,395				57,551,395	
29. Nevada	NV	L								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	L								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	L			512,750,454				512,750,454	
45. Utah	UT	L			17,425,837				17,425,837	
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	L								
49. West Virginia	WV	N								
50. Wisconsin	WI	L								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U. S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CAN	N								
58. Aggregate Other Alien	OT	X X X								
59. Subtotal		X X X			908,070,435				908,070,435	
60. Reporting entity contributions for Employee Benefit Plans		X X X								
61. Total (Direct Business)		X X X			908,070,435				908,070,435	

DETAILS OF WRITE-INS

58001.										
58002.										
58003.										
58998.	Summary of remaining write-ins for Line 58 from overflow page									
58999.	Total (Line 58001 through Line 58003 plus Line 58998) (Line 58 above)									

Explanation of basis of allocation by states, premiums by state, etc.

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG 16 R - Registered - Non-domiciled RRGs
 E - Eligible - Reporting entities eligible or approved to write surplus lines in the state Q - Qualified - Qualified or accredited reinsurer
 N - None of the above - Not allowed to write business in the state 41

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

ANNUAL STATEMENT FOR THE YEAR 2019 OF THE MCNA INSURANCE COMPANY
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

MCNA Health Care Holdings, LLC
Holding Company System

MCNA Health Care Holdings, LLC

45-2542951

MCNA Insurance Company

14063 TX
52-2459969

**Managed Care of North
America, Inc.**

52014 FL
65-0303864

MCNA Systems, Corp.

45-3641822

Sierra Dental Plan, Inc.

82-3922528

Other Affiliates

**200 West Cypress Creek
LLC**

47-4939777

Sagax Technologies Limited

33-75511BH

Healthplex America LLC

83-2329503

Health

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