



ANNUAL STATEMENT

For the Year Ending DECEMBER 31, 2015

OF THE CONDITION AND AFFAIRS OF THE

QCA Health Plan, Inc.

NAIC Group Code	4807 <small>(Current Period)</small>	4807 <small>(Prior Period)</small>	NAIC Company Code	95448	Employer's ID Number	71-0794605
Organized under the Laws of	Arkansas		State of Domicile or Port of Entry	Arkansas		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]	Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]	Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]			
Incorporated/Organized	04/08/1996		Commenced Business	07/31/1996		
Statutory Home Office	12615 Chenal Parkway, Suite 300 <small>(Street and Number)</small>		Little Rock, AR, 72211 <small>(City or Town, State, Country and Zip Code)</small>			
Main Administrative Office	12615 Chenal Parkway, Suite 300 <small>(Street and Number)</small>					
	Little Rock, AR, 72211 <small>(City or Town, State, Country and Zip Code)</small>		(501)228-7111 <small>(Area Code) (Telephone Number)</small>			
Mail Address	12615 Chenal Parkway, Suite 300 <small>(Street and Number or P.O. Box)</small>		Little Rock, AR, 72211 <small>(City or Town, State, Country and Zip Code)</small>			
Primary Location of Books and Records	12615 Chenal Parkway, Suite 300 <small>(Street and Number)</small>					
	Little Rock, AR, 72211 <small>(City or Town, State, Country and Zip Code)</small>		(501)228-7111 <small>(Area Code) (Telephone Number)</small>			
Internet Website Address	www.qualchoice.com					
Statutory Statement Contact	Randall Crow <small>(Name)</small>		(501)219-5109 <small>(Area Code)(Telephone Number)(Extension)</small>			
	randall.crow@qualchoice.com <small>(E-Mail Address)</small>		(501)228-0135 <small>(Fax Number)</small>			

OFFICERS

Name	Title
Michael Edward Stock	President
Randall Alvin Crow	Treasurer
Charles Hanson	Secretary

OTHERS

Joni Self Daniels, Vice President-Operations	Stephen Sorsby M.D., Vice President - Medical Affairs
Betty Jo Tatum-Himes, Vice President - Sales & Marketing	Jon Foose, Vice President - Underwriting

DIRECTORS OR TRUSTEES

Mark Fred Bjornson	Christine William Mulheren
Steven Charles Schramm	Philip Linwood Foster
Charles Hanson	

State of Arkansas
County of Pulaski ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the 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.

_____ <small>(Signature)</small> Michael Edward Stock <small>(Printed Name)</small> 1. President <small>(Title)</small>	_____ <small>(Signature)</small> Randall Alvin Crow <small>(Printed Name)</small> 2. Treasurer <small>(Title)</small>	_____ <small>(Signature)</small> Charles Hanson <small>(Printed Name)</small> 3. Secretary <small>(Title)</small>
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Subscribed and sworn to before me this _____ day of _____, 2016

- a. Is this an original filing? _____
 b. If no, 1. State the amendment number _____
 2. Date filed _____
 3. Number of pages attached _____

Yes[X] No[]

(Notary Public Signature)

DIRECTORS OR TRUSTEES (continued)

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)	32,204,894		32,204,894	18,816,749
2. Stocks (Schedule D)				
2.1 Preferred stocks	1,500,000		1,500,000	1,500,000
2.2 Common Stocks	5,538,859		5,538,859	6,014,391
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 \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....15,590,646, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....0, Schedule DA)	15,590,646		15,590,646	28,949,208
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	5,423		5,423	5,460
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)	54,839,822		54,839,822	55,285,808
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	132,484		132,484	37,094
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	149,787		149,787	360,246
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0)	7,708,960		7,708,960	3,901,597
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	15,068,986		15,068,986	3,660,299
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	521,711		521,711	531,521
18.1 Current federal and foreign income tax recoverable and interest thereon	1,702,936	777,344	925,592	81,027
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	155,111	155,111		
21. Furniture and equipment, including health care delivery assets (\$.....0)	248,180	248,180		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	11,843		11,843	
24. Health care (\$.....139,082) and other amounts receivable	286,279	147,197	139,082	159,686
25. Aggregate write-ins for other than invested assets	2,343,805	500,000	1,843,805	
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	83,169,904	1,827,832	81,342,072	64,017,278
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	83,169,904	1,827,832	81,342,072	64,017,278
DETAILS OF WRITE-INS				
1101. rounding				
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. Prepaid Expenses				
2502. Other Intangible Assets	500,000	500,000		
2503. CSR Cost Sharing Receivable	1,843,805		1,843,805	
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,343,805	500,000	1,843,805	

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	26,186,640	1,536,491	27,723,131	27,836,853
2. Accrued medical incentive pool and bonus amounts	247,248		247,248	313,457
3. Unpaid claims adjustment expenses	593,698		593,698	844,326
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	664,035		664,035	75,339
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	2,104,634		2,104,634	2,560,477
9. General expenses due or accrued	2,104,373		2,104,373	1,396,964
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))	4,924,884		4,924,884	
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 \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	140,445		140,445	972,183
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$.....0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	3,288,813		3,288,813	1,915,027
23. Aggregate write-ins for other liabilities (including \$.....0 current)				7,813,793
24. TOTAL Liabilities (Lines 1 to 23)	40,254,770	1,536,491	41,791,261	43,728,419
25. Aggregate write-ins for special surplus funds	X X X	X X X	3,371,322	2,757,089
26. Common capital stock	X X X	X X X	2,454	2,454
27. Preferred capital stock	X X X	X X X	25,500,046	25,500,046
28. Gross paid in and contributed surplus	X X X	X X X	19,000,000	9,500,000
29. Surplus notes	X X X	X X X	5,000,000	5,000,000
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	(13,322,651)	(22,470,370)
32. Less treasury stock, at cost:				
32.10 shares common (value included in Line 26 \$.....0)	X X X	X X X	360	360
32.20 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	39,550,811	20,288,859
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	81,342,072	64,017,278
DETAILS OF WRITE-INS				
2301. rounding				1
2302. ACA Risk Sharing Payable				7,813,792
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				7,813,793
2501. ACA Section 9010 Assessment	X X X	X X X	3,371,322	2,757,089
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	3,371,322	2,757,089
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	588,387	518,147
2. Net premium income (including \$.....0 non-health premium income)	X X X	205,847,620	159,762,626
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 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	205,847,620	159,762,626
Hospital and Medical:			
9. Hospital/medical benefits	3,487,468	131,602,574	109,099,838
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area	414,812	15,653,299	6,619,125
13. Prescription drugs		29,593,729	22,607,050
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)	3,902,280	176,849,602	138,326,013
Less:			
17. Net reinsurance recoveries		15,735,412	730,701
18. TOTAL Hospital and Medical (Lines 16 minus 17)	3,902,280	161,114,190	137,595,312
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....4,480,009 cost containment expenses		6,100,937	6,036,868
21. General administrative expenses		25,385,203	22,347,015
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)		500,000	
23. TOTAL Underwriting Deductions (Lines 18 through 22)	3,902,280	193,100,330	165,979,195
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	12,747,290	(6,216,569)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		490,689	350,270
26. Net realized capital gains (losses) less capital gains tax of \$.....0		1,042,939	640,566
27. Net investment gains (losses) (Lines 25 plus 26)		1,533,628	990,836
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29. Aggregate write-ins for other income or expenses			
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	14,280,918	(5,225,733)
31. Federal and foreign income taxes incurred	X X X	5,005,911	
32. Net income (loss) (Lines 30 minus 31)	X X X	9,275,007	(5,225,733)
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 (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.			
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)			
2901. rounding			
2902. Miscellaneous Income/Expense			
2903. rounding			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	20,288,859	12,820,591
34.	Net income or (loss) from Line 32	9,275,007	(5,225,733)
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(1,449,406)	44,702
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	1,702,936	(10,399)
39.	Change in nonadmitted assets	233,417	(1,887,893)
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		5,000,000
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	9,500,000	7,500,000
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus	(2)	2,047,591
48.	Net change in capital and surplus (Lines 34 to 47)	19,261,952	7,468,268
49.	Capital and surplus end of reporting year (Line 33 plus 48)	39,550,811	20,288,859
DETAILS OF WRITE-INS			
4701.	Rounding	(2)	
4702.	PPE contribution		2,047,591
4703.		
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	(2)	2,047,591

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	202,392,617	156,561,134
2.	Net investment income	322,309	305,756
3.	Miscellaneous income	163,510	(102,048)
4.	TOTAL (Lines 1 through 3)	202,878,436	156,764,842
5.	Benefit and loss related payments	173,202,808	125,646,465
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	29,645,763	26,519,319
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	(1,449,406)	
10.	TOTAL (Lines 5 through 9)	201,399,165	152,165,784
11.	Net cash from operations (Line 4 minus Line 10)	1,479,271	4,599,058
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	27,979,904	10,121,345
12.2	Stocks	6,376,887	6,316,040
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	1,449,444	
12.7	Miscellaneous proceeds		
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7)	35,806,235	16,437,385
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	41,341,298	17,954,507
13.2	Stocks	6,261,588	4,763,209
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6)	47,602,886	22,717,716
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)	(11,796,651)	(6,280,331)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		5,000,000
16.2	Capital and paid in surplus, less treasury stock	9,500,000	7,500,000
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(12,541,182)	9,035,025
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(3,041,182)	21,535,025
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(13,358,562)	19,853,752
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	28,949,208	9,095,456
19.2	End of year (Line 18 plus Line 19.1)	15,590,646	28,949,208

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	205,847,620	203,626,783				2,220,837				
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. TOTAL Revenues (Lines 1 to 6)	205,847,620	203,626,783				2,220,837				
8. Hospital/medical benefits	131,602,574	129,901,367				1,701,207				X X X
9. Other professional services										X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	15,653,299	15,450,951				202,348				X X X
12. Prescription drugs	29,593,729	29,047,314				546,415				X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments and bonus amounts										X X X
15. Subtotal (Lines 8 to 14)	176,849,602	174,399,632				2,449,970				X X X
16. Net reinsurance recoveries	15,735,412	15,735,412								X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16)	161,114,190	158,664,220				2,449,970				X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$.....4,480,009 cost containment expenses	6,100,937	6,045,183				55,754				
20. General administrative expenses	25,385,203	25,153,219				231,984				
21. Increase in reserves for accident and health contracts	500,000	500,000								X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. TOTAL Underwriting Deductions (Lines 17 to 22)	193,100,330	190,362,622				2,737,708				
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	12,747,290	13,264,161				(516,871)				
DETAILS OF WRITE-INS										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page										X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.										X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)	207,512,630		3,885,847	203,626,783
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan	2,220,837			2,220,837
6. Title XVIII - Medicare				
7. Title XIX - Medicaid				
8. Other health				
9. Health subtotal (Lines 1 through 8)	209,733,467		3,885,847	205,847,620
10. Life				
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	209,733,467		3,885,847	205,847,620

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & 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	176,799,814	174,487,576				2,312,238				
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	627,787	627,787								
1.4 Net	176,172,027	173,859,789				2,312,238				
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	27,723,131	27,449,222				273,909				
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	27,723,131	27,449,222				273,909				
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	247,248	247,248								
6. Net healthcare receivables (a)	(163,510)	(163,510)								
7. Amounts recoverable from reinsurers December 31, current year	907,659	907,659								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	27,836,853	27,694,551				142,302				
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	27,836,853	27,694,551				142,302				
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	313,457	313,457								
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	176,849,602	174,405,757				2,443,845				
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	1,535,446	1,535,446								
12.4 Net	175,314,156	172,870,311				2,443,845				
13. Incurred medical incentive pools and bonuses	(66,209)	(66,209)								

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & 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	4,441,009	4,374,280				66,729				
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	4,441,009	4,374,280				66,729				
2. Incurred but Unreported:										
2.1 Direct	23,282,122	23,074,942				207,180				
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	23,282,122	23,074,942				207,180				
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	27,723,131	27,449,222				273,909				
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	27,723,131	27,449,222				273,909				

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)	18,655,763	145,260,770	169,080	27,280,142	18,824,843	27,696,788
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan	290,088	2,022,151	24,168	249,741	314,256	140,065
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid						
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	18,945,851	147,282,921	193,248	27,529,883	19,139,099	27,836,853
10.	Healthcare receivables (a)	443,188	4,579,634		286,279	443,188	449,789
11.	Other non-health						75,339
12.	Medical incentive pool and bonus amounts				247,248		313,458
13.	TOTALS (Lines 9 - 10 + 11 + 12)	18,502,663	142,703,287	193,248	27,490,852	18,695,911	27,775,861

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

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	13,051	12,964	12,948	12,948	12,948
2. 2011	115,336	129,930	129,961	129,961	129,961
3. 2012	X X X	114,348	131,992	131,992	131,992
4. 2013	X X X	X X X	110,323	120,438	120,438
5. 2014	X X X	X X X	X X X	111,899	111,899
6. 2015	X X X	X X X	X X X	X X X	142,703

Section B - Incurred Health Claims

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	13,065	12,964	12,948	12,948	12,948
2. 2011	130,356	129,973	129,930	129,930	129,961
3. 2012	X X X	131,281	132,001	131,947	131,992
4. 2013	X X X	X X X	123,556	121,923	120,438
5. 2014	X X X	X X X	X X X	113,670	112,092
6. 2015	X X X	X X X	X X X	X X X	170,479

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

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. 2011	147,546	129,961	5,156	3.968	135,117	91.577			135,117	91.577
2. 2012	147,118	131,992	5,656	4.285	137,648	93.563			137,648	93.563
3. 2013	140,670	120,438	3,190	2.649	123,628	87.885		98	123,726	87.955
4. 2014	161,387	111,899	1,394	1.246	113,293	70.200	193	745	114,231	70.781
5. 2015	203,915	142,703	5,717	4.006	148,420	72.785	27,776	(249)	175,947	86.284

12 Total

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

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	13,051	12,964	12,948	12,948	12,948
2. 2011	114,298	128,802	128,833	128,833	128,833
3. 2012	X X X	112,945	130,581	130,581	130,581
4. 2013	X X X	X X X	108,837	118,952	118,952
5. 2014	X X X	X X X	X X X	110,449	110,449
6. 2015	X X X	X X X	X X X	X X X	140,391

Section B - Incurred Health Claims

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	13,065	12,964	12,948	12,948	12,948
2. 2011	129,192	128,845	128,802	128,802	128,833
3. 2012	X X X	129,741	130,590	130,536	130,581
4. 2013	X X X	X X X	121,931	120,437	118,952
5. 2014	X X X	X X X	X X X	112,092	110,642
6. 2015	X X X	X X X	X X X	X X X	167,893

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

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. 2011	147,546	128,833	5,156	4.002	133,989	90.812			133,989	90.812
2. 2012	147,118	130,581	5,656	4.332	136,237	92.604			136,237	92.604
3. 2013	140,670	118,952	3,190	2.682	122,142	86.829		98	122,240	86.898
4. 2014	161,387	110,449	1,394	1.262	111,843	69.301	193	745	112,781	69.882
5. 2015	203,915	140,391	5,717	4.072	146,108	71.651	27,502	(249)	173,361	85.016

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011	1,038	1,128	1,128	1,128	1,128
3. 2012	X X X	1,403	1,411	1,411	1,411
4. 2013	X X X	X X X	1,486	1,486	1,486
5. 2014	X X X	X X X	X X X	1,450	1,450
6. 2015	X X X	X X X	X X X	X X X	2,312

Section B - Incurred Health Claims

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011	1,164	1,128	1,128	1,128	1,128
3. 2012	X X X	1,540	1,411	1,411	1,411
4. 2013	X X X	X X X	1,625	1,486	1,486
5. 2014	X X X	X X X	X X X	1,578	1,450
6. 2015	X X X	X X X	X X X	X X X	2,586

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

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. 2011		1,128			1,128				1,128	
2. 2012		1,411			1,411				1,411	
3. 2013		1,486			1,486				1,486	
4. 2014		1,450			1,450				1,450	
5. 2015		2,312			2,312		274		2,586	

12 Fed Emp HBPP

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	164,035	164,035							
2. Additional policy reserves (a)	500,000	500,000							
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income)									
5. Aggregate write-ins for other policy reserves									
6. TOTALS (Gross)	664,035	664,035							
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	664,035	664,035							
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 \$.....500,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	279,810	62,544	447,450		789,804
2. Salaries, wages and other benefits	5,199,908	1,162,301	8,315,291		14,677,500
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)			4,039,956		4,039,956
4. Legal fees and expenses					
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	136,036		51,452		187,488
7. Traveling expenses	109,788	10,565	148,610		268,963
8. Marketing and advertising	2,340	4,000	838,651		844,991
9. Postage, express and telephone	110,323	285,014	897,424		1,292,761
10. Printing and office supplies	293,134	286,758	687,085		1,266,977
11. Occupancy, depreciation and amortization					
12. Equipment					
13. Cost or depreciation of EDP equipment and software			6,078,727		6,078,727
14. Outsourced services including EDP, claims, and other services	783,383	349,639	1,446,954		2,579,976
15. Boards, bureaus and association fees					
16. Insurance, except on real estate			101,588		101,588
17. Collection and bank service charges					
18. Group service and administration fees					
19. Reimbursements by uninsured plans	(2,835,652)	(633,834)	(4,534,556)		(8,004,042)
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					
23.2 State premium taxes			3,158,681		3,158,681
23.3 Regulatory authority licenses and fees			143,020		143,020
23.4 Payroll taxes	348,993	79,954	489,186		918,133
23.5 Other (excluding federal income and real estate taxes)			2,606,868		2,606,868
24. Investment expenses not included elsewhere				129,224	129,224
25. Aggregate write-ins for expenses	51,946	13,987	468,816		534,749
26. TOTAL Expenses Incurred (Lines 1 to 25)	4,480,009	1,620,928	25,385,203	129,224	(a) 31,615,364
27. Less expenses unpaid December 31, current year		812,262	2,104,373		2,916,635
28. Add expenses unpaid December 31, prior year		844,326	1,396,964		2,241,290
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	4,480,009	1,652,992	24,677,794	129,224	30,940,019
DETAILS OF WRITE-INS					
2501. Other Employee Expenses	51,427	3,282	280,307		335,016
2502. Donations	50		43,150		43,200
2503. Storage Fees	469	10,705	18,543		29,717
2598. Summary of remaining write-ins for Line 25 from overflow page			126,816		126,816
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	51,946	13,987	468,816		534,749

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 172,974	268,364
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 149,876	149,876
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	103,129	103,129
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) 98,544	98,544
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. TOTAL Gross investment income	524,523	619,913
11. Investment expenses		(g) 129,224
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. TOTAL Deductions (Lines 11 through 15)		129,224
17. Net Investment income (Line 10 minus Line 16)		490,689

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	(49,537)		(49,537)	3,300	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	1,092,476		1,092,476	(1,452,706)	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. TOTAL Capital gains (losses)	1,042,939		1,042,939	(1,449,406)	

DETAILS OF WRITE-INS

0901. Rounding					
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. Invested income due and accrued			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection		4,524	4,524
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	777,344		(777,344)
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	155,111	895,806	740,695
21. Furniture and equipment, including health care delivery assets	248,180	313,315	65,135
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	147,197	290,103	142,906
25. Aggregate write-ins for other than invested assets	500,000	557,501	57,501
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,827,832	2,061,249	233,417
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. TOTAL (Lines 26 and 27)	1,827,832	2,061,249	233,417
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. Prepaid Admin Contract		57,501	57,501
2502. Goodwill	500,000	500,000	
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	500,000	557,501	57,501

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	236	603	616	555	557	7,113
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service	56,991	49,298	50,334	45,387	45,494	581,274
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	57,227	49,901	50,950	45,942	46,051	588,387
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

QCA HEALTH PLAN, INC.

Notes to Financial Statements - Statutory Basis
December 31, 2015 and 2014

(1) **Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies used in the preparation of the accompanying financial statements. Such policies are in conformity with the Annual Statement Instructions and the Accounting Practices and Procedures Manual of the National Association of Insurance Commissioners (“NAIC”) and the accounting practices as prescribed or permitted by the Arkansas Insurance Department and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents and Short Term Investments: The Company considers all cash accounts and all highly liquid debt instruments purchased with a maturity of one year or less to be cash or cash equivalents.

Premiums Receivable: The Company uses the allowance method of accounting for uncollectible receivables. Premiums receivable represent medical premium revenue that has been billed and recognized as revenue, but has not been collected.

Investment Securities: Bonds and other debt instruments for which the Company intends to hold to until they mature are classified as held to maturity and are stated at cost adjusted for amortization of premiums and accretion of discounts computed by the interest method. Stocks and bond funds which have no set maturity date are classified as available for sale and are stated at fair market value.

Medical Claims Payable: Reported claims expected to be paid after the balance sheet date for services provided to members prior to the balance sheet date are recorded as liabilities. Claims for services provided to members during the financial reporting period which are unreported at the balance sheet date are estimated based on the Company’s claims experience and recorded as liabilities. The amounts recorded are based upon estimates of the ultimate net cost of such services provided. These reserves are subject to continuous review by management and changes in estimates are reflected in earnings currently.

Income Taxes: Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due. The deferred tax assets and liabilities represent the future tax return consequences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Notes to Financial Statements

Revenue: Medical premium revenue is recognized in the month in which members are entitled to receive health care services. Medical premiums collected in advance are recorded as unearned premium revenue.

Cost of Benefits Provided: Cost of benefits provided includes the costs of all medical services delivered to enrolled members of the Company and for whom the Company has recorded medical premium revenue during the reporting period. These costs include payments for specific medical services paid to physicians, hospitals, and other health care providers on a fee-for-service basis. Costs of benefits include claims paid, claims in process and pending, estimates of unreported claims and charges, and processing costs of those estimates at the end of the fiscal year for which the Company will be responsible.

Premium Tax: The state in which the Company does business requires the remittance of premium taxes based upon a percentage of billed premiums.

Advertising Costs: Advertising and promotions related expenses are charged to operations when incurred.

Non-Admitted Assets: Certain assets (principally pharmaceutical rebate receivables and deferred tax assets not expected to be realized within a 12 month period) designated as "non-admitted" are not included in the financial statements.

Accounting Estimates: The preparation of financial statements in conformity with the accounting practices described above requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

(2) **Accounting Changes and Corrections of Errors**

None.

(3) **Business Combinations and Goodwill**

None.

(4) **Discontinued Operations**

None.

Notes to Financial Statements

(5) Investments

The carrying value and estimated market value of investments in securities classified as held to maturity as of December 31, 2015 and 2014 are as follows:

2015				
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
US Government Securities	\$ 23,263,698		\$ 695,357	\$ 22,568,341
	\$ 23,263,698	\$ -	\$ 695,357	\$ 22,568,341

2014				
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
US Government Securities	\$ 12,442,481	\$ 69,930	\$ 11,075	\$ 12,501,336
	\$ 12,442,481	\$ 69,930	\$ 11,075	\$ 12,501,336

Included in the amounts above, the Company holds a U.S. Government debt security that is restricted due to regulatory requirements, which matures in one to three years and is held to maturity. At December 31, 2015 and 2014, the aggregate fair value was \$624,100 and \$624,370, respectively.

The cost and estimated market value of investments in securities classified as available for sale as of December 31, 2015 and 2014 are as follows:

2015				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available For Sale				
Stocks	\$ 5,580,880	\$ 48,127	\$ 90,148	\$ 5,538,858
Bond Funds	\$ -	\$ -	\$ -	\$ -
	\$ 5,580,880	\$ 48,127	\$ 90,148	\$ 5,538,858
2014				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available For Sale				
Stocks	\$ 4,603,706	\$ 1,420,405	\$ 9,720	\$ 6,014,391
Bond Funds	\$ 6,377,567	\$ 11,283	\$ 14,582	\$ 6,374,268
	\$ 10,981,273	\$ 1,431,688	\$ 24,302	\$ 12,388,659

The carrying value and estimated market value of held to maturity securities as of December 31, 2015, by contractual maturity, are shown below:

Notes to Financial Statements

	Carrying Value	Market Value
Matures in One Year or Less	\$ 10,694,052	\$ 10,690,885
Matures in One to Eight Years	\$ 12,569,646	\$ 11,877,456
	\$ 23,263,698	\$ 22,568,341

At December 31, 2015 and 2014, there were no securities that have been in a continuous loss position.

(6) Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of its admitted assets.

(7) Investment Income

The Company's investment income was earned on cash and cash equivalents, bonds, and stocks and no investment income was excluded from surplus for the years ended December 31, 2015 and 2014.

(8) Derivative Instruments

None.

(9) Income Taxes

A. Components of Deferred Tax Assets (DTA's) and Deferred Tax Liabilities (DTL's):

		2015		
(1)	Description	Ordinary	Capital	Total
a	Gross deferred tax assets	1,688,229	14,708	1,702,936
b	Statutory valuation allowance adjustment	-	-	-
c	Adjusted gross deferred tax assets (1a-1b)	1,688,229	14,708	1,702,936
d	Deferred tax assets nonadmitted	762,637	14,708	777,344
e	Net admitted deferred tax asset (1c-1d)	925,592	-	925,592
f	Deferred tax liabilities	-	-	-
g	Net deferred tax asset/(liability)	925,592	-	925,592

(2) Admission Calculation Components under SSAP No. 101

		2015		
		Ordinary	Capital	Total
	Admission Calculation Components			
a	Federal income taxes paid in prior years recoverable through loss carrybacks	810,175	-	810,175
b	Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lessor of 2(b) 1 and 2(b)2 below:	115,417	-	115,417

Notes to Financial Statements

(1) Adjusted gross deferred tax assets expected to be realized following the balance sheet date	115,417	-	115,417
(2) Adjusted gross deferred tax assets allowed per limitation threshold	xxx	xxx	5,810,086
c Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	-	-
d Deferred tax assets admitted as the result of application of SSAP 101. Total 2(a) + 2(b) + 2(c)	925,592	-	925,592
Deferred tax Liabilities	-	-	-
Net Admitted Deferred Tax Asset (Liability)	925,592	-	925,592

(3) Threshold used in 11.b.

Other Admissibility Criteria	2015	2014
a Ratio percentage used to determine recovery period and threshold limitation amount	0.00%	380.50%
b Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b) 2 above.	38,733,904	20,288,860

(4) Impact of Tax Planning strategies

	2015		
	Ordinary	Capital	Total
a Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage.			
(1) Adjusted Gross DTAs amount from Note 9A (c).	1,688,229	14,708	1,702,936
(2) Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.	0%	0%	0%
(3) Net Admitted Adjusted Gross DTAs amount from Note 9A1 (e).	925,592	-	925,592
(4) Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.	0%	0%	0%
b Does the company's tax planning strategies include the use of reinsurance?		Yes []	No [X]

B. There are no deferred tax liabilities for which temporary differences have not been established.

C. Current tax and change in deferred tax:

(1) Current income taxes incurred consist of the following major components:

	2015	2014	Change
a Current federal income tax expense	4,666,210	-	4,666,210
b Foreign taxes	-	-	-
c Subtotal	4,666,210	-	4,666,210
d Tax on capital gains/(losses)	339,701	-	339,701
e Utilization of capital loss carryforwards	-	-	-
f Other, including prior year underaccrual/(overaccrual)	(0)	-	(0)
g Federal and foreign income taxes incurred	5,005,911	-	5,005,911

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

(2)	Deferred Tax Assets:	December 31, 2015	December 31, 2014	Change
(a)	Ordinary			
	(1) Discount on unpaid losses	82,939	89,628	(6,689)
	(2) Unearned premium reserves	158,807	179,233	(20,426)
	(3) Minimum tax credit	139,760	139,760	-
	(4) Accrued vacation			

Notes to Financial Statements

	-	-	-
(5) Fixed assets	233,018	512,693	(279,675)
(6) Accrued bonus	-	-	-
(7) Accrued broker commissions	-	-	-
(8) Allowance for bad debts	68,918	68,918	0
(9) Net operating losses	530,710	6,167,152	(5,636,442)
(10) Nonadmitted assets	51,519	123,245	(71,726)
(11) Premium Deficiency Reserve	175,000	-	175,000
(12) Accrued other expenses	-	-	-
(13) Intangibles	155,556	167,222	(11,667)
(14) Sick Time Benefits	92,002	55,631	36,371
Subtotal	<u>1,688,229</u>	<u>7,503,482</u>	<u>(5,815,253)</u>
(b) Statutory valuation allowance adjustment	-	7,010,898	(7,010,898)
(c) Nonadmitted	<u>777,344</u>	-	<u>777,344</u>
(d) Admitted ordinary deferred tax assets	<u>910,885</u>	<u>492,584</u>	<u>418,300</u>
(e) Capital			
(1) Investments	-	-	-
(2) Capital loss carry-forward	-	-	-
(3) Tax effect of unrealized capital losses	<u>14,708</u>	-	<u>14,708</u>
Gross Capital Deferred Tax Assets	<u>14,708</u>	-	<u>14,708</u>
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets	<u>14,708</u>	-	<u>14,708</u>
(i) Total admitted deferred tax assets	<u>925,592</u>	<u>492,584</u>	<u>433,008</u>
(3) Deferred Tax Liabilities:			
(a) Ordinary			
(1) Fixed Assets	-	-	-
(2) Intangibles	-	-	-
(3) Other (required to disclose items > 5%)	<u>-</u>	<u>-</u>	<u>-</u>
Ordinary Deferred Tax Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
(b) Capital			
(1) Intangibles	-	-	-
(2) Other (required to disclose items > 5%)	-	-	-
(3) Tax effect of unrealized capital gains	<u>-</u>	<u>492,584</u>	<u>(492,584)</u>
Capital Deferred Tax Liabilities	<u>-</u>	<u>492,584</u>	<u>(492,584)</u>
(c) Total Deferred Tax Liabilities	<u>-</u>	<u>492,584</u>	<u>(492,584)</u>
(4) Net deferred tax assets/liabilities	<u>925,592</u>	<u>0</u>	<u>925,592</u>

The change in net deferred income taxes is composed of the following (this analysis is exclusive of nonadmitted DTAs as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>	<u>Change</u>
Total deferred tax assets	1,702,936	492,584	1,210,352
Total deferred tax liabilities	-	(492,584)	492,584

Notes to Financial Statements

Net deferred tax assets/liabilities	1,702,936	0	1,702,936
Tax effect of unrealized gains/(losses)			(507,292)
Change in net deferred income tax [(expense)/benefit]			1,195,645

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to pre-tax income. The significant items causing this difference are as follows:

	Amount	Tax Effect	Tax Rate
2015			
Provision computed at statutory rate	14,389,602	5,036,361	35.0%
Tax exempt interest	-	-	0.0%
Dividends received deduction	-	-	0.0%
Meals & Entertainment	-	-	0.0%
Change in statutory valuation allowance	(19,771,584)	(7,010,899)	-48.7%
NOL Waived	13,198,344	4,619,420	32.1%
Change in non-admitted assets	1,010,761	353,766	2.5%
Change in unrealized gain / loss	-	-	0.0%
Prior year true-up	(119,964)	(41,988)	-0.3%
Other	-	-	0.0%
Penalties	-	-	0.0%
ACA Fee	2,438,872	853,605	5.9%
Tax rate increase		-	0.0%
		3,810,266	26.5%
Total statutory income tax		3,810,266	26.5%
Federal income taxes incurred		4,666,210	32.4%
Tax on capital gains/(losses)		339,701	2.4%
Prior year overaccrual/(underaccrual)		(0)	0.0%
Change in net deferred income tax [expense/(benefit)]		(1,195,645)	-8.3%
Total statutory income tax		3,810,266	26.5%
2014			
		Tax Effect	Tax Rate
Provision computed at statutory rate		(1,829,007)	35.0%
Nondeductibles			
Change in nonadmitted assets		(660,763)	12.6%
Penalties		4,235	-0.1%
ACA Fee		549,469	-10.5%
Prior year true-up		(5,412,341)	103.6%
Tax rate increase		(155,076)	3.0%
Change in valuation allowance		7,010,898	-134.2%
Total		(492,585)	9.4%
Federal income taxes incurred		-	0.0%
Change in net deferred income taxes		(492,585)	9.4%
Prior year overaccrual/(underaccrual)		-	0.0%
Total statutory income taxes		(492,585)	9.4%

E. (1) Operating Loss and Tax Credit Carryforwards and Protective Tax

Notes to Financial Statements

Deposits

	December 31, 2015	December 31, 2014
The Company had net operating losses of:	1,516,315	17,620,435
The Company had capital loss carryforwards of:	-	-
The Company had AMT credit carryforwards of:	139,760	139,760

	Year Ending	2015	2014	Expires
	12/31/2008	-		
	12/31/2009	-	-	2028
	12/31/2010	-	-	2029
	12/31/2011	-	4,409,593	2030
	12/31/2012	-	6,498,427	2031
	12/31/2013	1,516,315	3,823,469	2032
	12/31/2014	-	2,888,946	2033
	12/31/2015	-	-	2035
		1,516,315	17,620,435	

As a result of acquisition by Prominence Health on April 30, 2014, certain tax attributes may be limited under the provisions of IRC Section 382.

- (2) The following represents income tax expense for 2015, 2014, and 2013 that is available for recoupment in the event of future net losses:

	Year	Ordinary	Capital	Total
	2013	-	-	-
	2014	-	-	-
	2015	4,666,210	339,701	5,005,911

- (3) The aggregate amounts of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was zero as of December 31, 2015

F.

Consolidated Federal Income Tax Return

- (1) The Company will file a consolidated return with the following entities for the tax year beginning 7/1/2015:

Prominence Health, Inc.	46-1222808
Prominence Health Plan Services, Inc.	46-1224037
Soundpath Health	42-1720801
Qualchoice Life and Health Insurance Company, Inc.	71-0386640
Clear River Health	46-4495960
Heartland Plains Health	46-4368223
Riverlink Health	46-4380824
Riverlink Health of Kentucky, Inc.	46-4828332
Stableview Health, Inc.	46-4373713
Harvest Plains Health of Iowa	47-3457150
Qualchoice Advantage, Inc.	47-3433912
Qualchoice Holdings, Inc.	27-4075520

- (2) The method of allocation between the companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis, with the company receiving a current benefit for losses generated to the extent federal taxes are reduced for the consolidated tax group.

G.

Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

(10) Information Concerning Parent, Subsidiaries and Affiliates

Notes to Financial Statements

The Company is party to a service agreement with an affiliate whereby the affiliate provides a full range of administrative, managerial and technological services. The Company paid this affiliate \$30,058,459 and \$22,665,772 during 2015 and 2014, respectively, for these services.

Under the provisions of various provider contracts, the Company paid \$11,632,614 and \$21,354,782 to hospitals owned by or affiliated with stockholders during 2015 and 2014, respectively.

Administrative fee revenue in the amount of \$1,211,965 and \$937,235 was received from hospitals owned or affiliated with stockholders during 2015 and 2014, respectively, that relates to the administrative services only (ASO) line of business.

The Company was due \$11,843 and \$0 from an affiliate, QualChoice Life and Health Insurance Company as of December 31, 2015 and 2014, respectively.

The Company owed \$140,445 and \$972,183 to stockholders and affiliates as of December 31, 2015 and 2014, respectively, for general expenses paid on behalf of the Company.

The Company entered into an agreement with QualChoice in November 2001, whereby the Company assumed the groups QualChoice managed under a third party administrator agreement on January 1, 2002, on behalf of employers which sponsor health benefit plans for employees. The Company assumed the obligations to perform such duties under the existing contracts with QualChoice, and in exchange for receiving these groups. On July 1, 2014, the Company entered into a management services agreement with Prominence Health, Inc. This agreement was approved by the Arkansas Insurance Department.

The Company received a contribution in capital of \$9,500,000 in December 2015. The amount was deposited at an account with Bank of New York Mellon and used to acquire US Treasury Notes.

On April 8, 2014 CollabHealth Plan Services, Inc. submitted a Form A Statement regarding the acquisition of control or merger with QualChoice Holding, Inc. QualChoice Holdings, Inc. is the parent company of QCA Health Plan, Inc. and QualChoice Life and Health Insurance Company, Inc. CollabHealth, a wholly owned subsidiary of Catholic Health Initiatives, closed on a series of stock-purchase agreements to acquire QualChoice Holdings, Inc. On May 1, 2014 the transaction was approved. CollabHealth contributed new capital of \$7,500,000 to QCA Health Plan, Inc. Treatment of the capital contribution is discussed in Note 1. In the 2nd quarter CollabHealth Health, Inc. was renamed Prominence Health, Inc. and CollabHealth Plan Services Plan Services, Inc. was renamed Prominence Health Plan Services, Inc. The new names are reflected in Schedule Y. Upon completion of the stock-purchase agreements QCA Health Plan, Inc. became part of a Holding Company. This is reflected on Schedule Y.

(11) Debt

The Company had the following surplus notes payable at December 31:

	<u>2015</u>	<u>2014</u>
Surplus note payable to Prominence Health Plan Services, Inc		
With interest at 6% beginning in December 2014	5,000,000	5,000,000

(12) Retirement Plans, Deferred Compensation and Other Postretirement Benefit and Compensated Absences and Other Postretirement Benefit Plans

Notes to Financial Statements

Defined Benefit Plan

The Company has no defined benefit plan.

Defined Contribution Plan

The Company had an employee 401(k) plan covering all full-time employees of the Company who have completed three months of employment and choose to participate. The Company contributed an amount equal to 3% of the employee's salary before April 1. This plan was terminated, and on April 1, 2015. All investments were transferred from QCA Employees 401(k) Plan into the CHI 401(k) Plan on that date. Contributions by the Company to the plan during 2015 and 2014 totaled \$298,193 and \$276,274, respectively. Effective April 1 the new the Company began matching 100% of the first 1% of eligible employee pay contribution and 50% of the next 5% of the eligible pay contribution. The Company will make an annual contribution, whether or not the employee contributes to the 401k equal to 2.5% of eligible pay.

Multiemployer Plans

The Company does not participate in multiemployer plans.

Postemployment Benefits and Compensated Absences

The Company does not offer a postretirement benefit plan.

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

The Company has 50,000 shares of \$.10 per share par value common stock authorized and 20,935 shares outstanding, exclusive of 3,600 shares held as treasury stock. On December 31, 2015, the Company had 11,295 shares outstanding, exclusive of 3,600 shares held as treasury stock. The Company has 25,500.046 shares of \$1,000 par value preferred stock outstanding. The Company does not intend to pay dividends on its common or preferred stock in the foreseeable future.

The Company's preferred stock structure is as follows as of December 31:

	<u>2015</u>	<u>2014</u>
Series A, \$1,000 par value; 5% noncumulative, nonvoting; convertible into 4,732 shares of nonvoting common stock; 2,868 shares authorized and issued.	\$ 2,868,000	2,868,000
Series B, \$1,000 par value; 5% noncumulative, nonvoting; convertible into 16,833 shares of nonvoting common stock; 9,342.808 shares authorized and issued.	9,342,808	9,342,808
Series C, \$1,000 par value; 2% noncumulative, nonvoting, nonconvertible; 5,000 shares authorized and issued.	5,000,000	5,000,000
Series D, \$1,000 par value; noncumulative, nonvoting, nonconvertible; 8,289.238 shares authorized and issued.	8,289,238	8,289,238
	<u>\$ 25,500,046</u>	<u>25,500,046</u>

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the affairs of the Company the holders of the preferred stock shall be entitled to share ratably in any assets of the Company available for distribution to the Company's stockholders. The amount will be equal to the greater of (a) \$1,000 per share of preferred stock, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization, plus all declared, approved,

Notes to Financial Statements

but unpaid dividends through such distribution payment date or (b) the amount per share such shareholder would receive if such shareholder converted such shares of preferred stock into common stock in accordance with the conversion factor set out in the "Statement of Preferences and Terms of Preferred Stock" immediately prior to such liquidation, dissolution, or winding up of the affairs of the Company. Any payments or distributions to the preferred stockholders shall be made before any such payments or distributions shall be made to common stockholders.

The Company issued the following surplus notes:

Date Issued	Interest Rate	Par Value Face Amount of Notes	Carrying Value of Note	Interest and/or Principal Paid Current Year	Total Interest and/or Principal Paid	Unapproved Interest and/or Principal	Maturity Date
12/2/2014	6%	\$ 5,000,000	\$ 5,000,000	-	-	-	N/A

The surplus note, in the amount of \$5,000,000, in the above table, was issued to Prominence Health Plan Services in exchange for cash and . The note has no specific liquidation preference, subordination or repayment conditions, or restrictions aside from each interest payment needing the prior approval of the Insurance Commissioner and only to the extent the Company has sufficient surplus earnings to make such payment.

(14) Contingencies

The Company is a defendant in general litigation as of December 31, 2015, in the ordinary course of business. The Company's management believes, however, that any liability it may incur as a result of this litigation would not have a material or adverse effect on the financial statements and, accordingly, no contingencies have been recorded.

The Company is subject to various regulatory requirements, including maintenance of minimum capital and surplus. At December 31, 2015, the Company is in compliance with requirements established by the Arkansas Insurance Department. The Company is required to maintain restricted investments in the minimum maturity amount of \$625,000.

(15) Leases

None.

(16) Information About Financial Instruments With Off Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

None.

(17) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None.

(18) Gain or Loss To The Reporting Entity From Uninsured A&H Plans and The Uninsured Portion of Partially Insured Plans

During 2015 and 2014, the Company had administrative services only contracts and minimum premium contracts, for which the employer retained all health care service risk, while the Company assumed administrative risk. The Company recorded administrative fee revenues of approximately \$7,996,296 and \$4,489,300 for 2015 and

Notes to Financial Statements

2014, respectively. The amounts are not recorded as revenue in this statutory statement, but rather as a reduction in operating expenses. The profit associated with this line of business was \$403,347 in 2015, and \$0 for 2014. The Company has no Medicare or similarly structured cost based reimbursement contracts.

(19) Direct Premium Written/Produced By Managing General Agents/Third Party Administrators

None

(20) Fair Value Measurements

Under FASB ASC 820-10, three prioritized valuation inputs may be used to determine fair value at the measurement date: Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – observable inputs other than the quoted prices included in Level 1; Level 3 – unobservable inputs. There have been no changes in valuation methodologies during the periods under audit, therefore no recognition of gain or loss is required for these financial statements.

The following table sets forth by level, within the fair value hierarchy, the Company's assets held for investment purposes at fair value as of December 31, 2015 and 2014:

2015				
December 31, 2015 - Fair Value Measurements at Reporting Date				
	Fair Value	Level 1	Level 2	Level 3
Stocks	\$ 5,538,859	\$ 5,538,859	\$ -	\$ -
Bond Funds	\$ 8,863,143	\$ 8,863,143	\$ -	\$ -
	\$ 14,402,002	\$ 14,402,002	\$ -	\$ -
2014				
December 31, 2014 - Fair Value Measurements at Reporting Date				
	Fair Value	Level 1	Level 2	Level 3
Stocks	\$ 6,014,391	\$ 6,014,391	\$ -	\$ -
Bond Funds	\$ 6,374,268	\$ 6,374,268	\$ -	\$ -
	\$ 12,388,659	\$ 12,388,659	\$ -	\$ -

(21) Other Items

None

(22) Events Subsequent

Subsequent events have been considered through February 29, 2016, the date which the financial statements were filed.

On January 1, 2016, the Company will, once again, be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2016. As of

Notes to Financial Statements

December 31, 2015, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2016 to be \$3,371,322. This assessment is expected to impact risk based capital by 13%.

(23) Reinsurance

The Company is covered under a medical reinsurance agreement effective October 1, 2014 through December 31, 2015, that provides annual coverage for eligible in-area and out of area hospital services of 90% in excess of \$550,000 per member for group and Individual coverage. The policy covers medical services and pharmaceuticals including inpatient and outpatient hospital, sub-acute facility services, skilled nursing facility and rehabilitation facility services, hospice services, home health agency services, outpatient facility services, and other professional services. Physician services are not covered. Certain covered services have per unit or annual coverage limits. Each insured member's coverage is limited to \$10,000,000 in the contract year.

The reinsurance agreement contains a provision through which the Company may receive an experience refund equal to 40% of a realized gain in a contract year. A realized gain is defined as the amount by which the actual claims against the policy filed by the Company are less than 68% of total policy premiums for the contract year. The policy must be renewed in a subsequent contract year for the Company to receive a prior year's experience refund. At December 31, 2015 the Company recorded \$445,706 receivable for experience refund related to the contract year that began October 1, 2014. The receivable at year end 2015 was \$461,954.

The Company has no return commission, which would have been due if the Company had cancelled the reinsurance. The Company has no retroactive reinsurance agreements. The reinsurance does not have retroactive termination arrangement clause.

(24) Retrospectively Rated Contracts & Contracts Subject To Redetermination

J. Risk Sharing Provisions of the Affordable Care Act

1. Permanent Risk Adjustment Program

Assets	Amount
a. Premium Adjustment Receivable	\$0
 Liabilities	
b. Risk Adjustment User Fees Payable	\$0
c. Premium Adjustments Payable	\$0
 Operations (Revenue & Expense)	
d. Premium for Accident and Health Contracts	\$0

2. Transitional Reinsurance Program

Assets	
a. Amounts recoverable for claims paid	\$15,380,144
b. Amounts recoverable for claims unpaid	\$0

Notes to Financial Statements

c. Amounts receivable relating to uninsured plans \$0

Liabilities

d. Claims unpaid-ceded \$0

e. Contributions payable-not reported as ceded \$0

f. Ceded reinsurance premiums payable \$0

g. Liability for amounts held under uninsured plans \$0

Operations (Revenue & Expense)

h. Ceded reinsurance premiums \$0

i. Reinsurance recoveries \$0

j. Contributions-not reported as ceded premiums \$2,163,458

3. Temporary Risk Corridors Program

Assets

a. Accrued retrospective premium \$7,708,960

Liabilities

b. Reserve for rate credits/policy exp rating refunds \$0

Operations (Revenue & Expense)

c. Net premium income (paid/received) \$7,708,960

d. Change in reserves for rate credits \$0

4. Have there been any material re-estimations and/or impairments for the reporting period? NO

(25) Change In Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2014 were \$27,836,853. As of December 31, 2015, \$18,945,851 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years.

(26) Intercompany Pooling Arrangements

None.

(27) Structured Settlements

None.

(28) Health Care Receivables

The Company experienced the following activity associated with the pharmaceutical rebate receivables by quarter for the previous three years from December 31, 2015:

Notes to Financial Statements

For 2015 Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Confirmed	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2015	286,279				
9/30/2015	113,825	149,590	149,590		
6/30/2015	229,086	262,459	262,459		
3/31/2015	264,506	262,459	0	262,459	
12/31/2014	449,789	523,416	312,822	210,594	
9/30/2014	309,255	312,822	0	312,822	
6/30/2014	273,870	319,709	169,634	0	150,075
3/31/2014	305,949	367,374	197,741	169,634	
12/31/2013	347,731	383,442	185,701	197,741	
9/30/2013	350,749	379,938	194,237	185,701	
6/30/2013	358,302	416,370	222,133	194,237	0
3/31/2013	412,586	469,863	247,730	222,133	0

(29) Participating Policies

None.

(30) Premium Deficiency Reserves

At December 31, 2015, the Company had a premium deficiency reserve of \$500,000. This balance was evaluated on February 29, 2016 and anticipated investment income was utilized in the calculation.

(31) Anticipated Salvage and Subrogation

None.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
- 1.3 State Regulating? Arkansas
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2014
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2014
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). _____
- 3.4 By what department or departments? _____
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[] No[] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[X]
- 6.2 If yes, give full information: _____
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes, 0.000%
- 7.21 State the percentage of foreign control _____
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP 370 17th Street, Suite 3300 Denver, Colorado 80202
- 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 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 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 the domiciliary state insurance laws? Yes[X] No[] N/A[]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain: _____
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Mark Peterson Catholic Health Initiatives 10050 Crosstown Circle, Suite 250 Eden Prairie, MN 55344
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

- 12.11 Name of real estate holding company
 12.12 Number of parcels involved
 12.13 Total book/adjusted carrying value \$ 0
 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? Yes [] No [] N/A [X]
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [] N/A [X]
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [] N/A [X]
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?
- 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 the 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
15.2001

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 [] No [X]
 17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes[X] No []
 18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes[X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 20.11 To directors or other officers \$ 0
 20.12 To stockholders not officers \$ 0
 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 20.21 To directors or other officers \$ 0
 20.22 To stockholders not officers \$ 0
 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being 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 \$ 0
 21.22 Borrowed from others \$ 0
 21.23 Leased from others \$ 0
 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
 22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment \$ 0
 22.22 Amount paid as expenses \$ 0
 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[X] No []
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes[X] No []
 24.02 If no, give full and complete information, relating thereto
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0
 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ 0
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [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]

GENERAL INTERROGATORIES (Continued)

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$ 0
24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$ 0
24.103 Total payable for securities lending reported on the liability page.	\$ 0

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

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

25.21 Subject to repurchase agreements	\$ 0
25.22 Subject to reverse repurchase agreements	\$ 0
25.23 Subject to dollar repurchase agreements	\$ 0
25.24 Subject to reverse dollar repurchase agreements	\$ 0
25.25 Placed under option agreements	\$ 0
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ 0
25.27 FHLB Capital Stock	\$ 0
25.28 On deposit with states	\$ 0
25.29 On deposit with other regulatory bodies	\$ 0
25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ 0
25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$ 0
25.32 Other	\$ 0

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? Yes [] No [] N/A [X]
If no, attach a description with this statement.

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. \$ 0

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

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

1 Name of Custodian(s)	2 Custodian's Address
Arvest Asset Management	200 Commerce Dr. Ste. 100, Little Rock, AR
BNY Mellon	200 Park Avenue, New York, NY

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 [X] No []

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Stephens Bank Trust	BNY Mellon	09/30/2015	Transfer of Investments

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
Arvest Trust	Dennis Whitaker	200 Commerce Dr. Ste. 100 Little Rock, AR
BNY Mellon	Robert Schmidt	200 Park Avenue, New York, NY

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 Total		

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

GENERAL INTERROGATORIES (Continued)

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	32,204,895	32,055,573	(149,322)
30.2 Preferred stocks	1,500,000	1,500,000	
30.3 Totals	33,704,895	33,555,573	(149,322)

30.4 Describe the sources or methods utilized in determining the fair values
 Provided by bank statements/Trust Company reporting

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[] No[X] N/A[]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes[X] No[]
- 32.2 If no, list exceptions:

OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 0
- 33.2 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

- 34.1 Amount of payments for legal expenses, if any? \$ 0
- 34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ 0
- 35.2 List the name of 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 (Continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes No
- 1.2 If yes, indicate premium earned on U.S. business only: \$ 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 0
- 1.6 Individual policies - Most current three years:
- 1.61 TOTAL Premium earned \$ 0
- 1.62 TOTAL Incurred claims \$ 0
- 1.63 Number of covered lives 0
- All years prior to most current three years:
- 1.64 TOTAL Premium earned \$ 0
- 1.65 TOTAL Incurred claims \$ 0
- 1.66 Number of covered lives 0
- 1.7 Group policies - Most current three years:
- 1.71 TOTAL Premium earned \$ 0
- 1.72 TOTAL Incurred claims \$ 0
- 1.73 Number of covered lives 0
- All years prior to most current three years:
- 1.74 TOTAL Premium earned \$ 0
- 1.75 TOTAL Incurred claims \$ 0
- 1.76 Number of covered lives 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	205,155,230	159,762,626
2.2 Premium Denominator	205,847,620	159,762,626
2.3 Premium Ratio (2.1 / 2.2)	0.997	1.000
2.4 Reserve Numerator	28,331,235	28,225,649
2.5 Reserve Denominator	28,634,414	28,225,649
2.6 Reserve Ratio (2.4 / 2.5)	0.989	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
- 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 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 N/A
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes No
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ 1,495,000
- 5.32 Medical Only \$ 0
- 5.33 Medicare Supplement \$ 0
- 5.34 Dental & Vision \$ 0
- 5.35 Other Limited Benefit Plan \$ 0
- 5.36 Other \$ 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
 Provider contracts have hold harmless agreements and continuity of care provisions. Through the reinsurance company \$5,000,000 is reinsured for continuation of benefits in event of insolvency.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes No
- 7.2 If no, give details:
- 8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 14,344
- 8.2 Number of providers at end of reporting year 16,399
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes No
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months 0
- 9.22 Business with rate guarantees over 36 months 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes No
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 0
- 10.22 Amount actually paid for year bonuses \$ 0
- 10.23 Maximum amount payable withholds \$ 0
- 10.24 Amount actually paid for year withholds \$ 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes No
- 11.13 An Individual Practice Association (IPA), or, Yes No
- 11.14 A Mixed Model (combination of above)? Yes No
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes No
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.
 Arkansas
- 11.4 If yes, show the amount required. \$ 6,798,788
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes No
- 11.6 If the amount is calculated, show the calculation.
- 12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
Entire state of Arkansas, 75 counties

- 13.1 Do you act as a custodian for health savings accounts? Yes No
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date: \$ 0
- 13.3 Do you act as an administrator for health savings accounts? Yes No
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date: \$ 0
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers? Yes No N/A

GENERAL INTERROGATORIES (Continued)

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 Premium Written	\$	0
15.2 Total incurred claims	\$	0
15.2 Number of covered lives	0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	81,342,072	64,017,278	30,952,723	39,094,684	42,921,215
2. TOTAL Liabilities (Page 3, Line 24)	41,791,261	43,728,419	18,132,132	26,164,182	24,102,140
3. Statutory minimum capital and surplus requirement	6,798,788	6,012,498	5,462,471	5,692,025	5,631,806
4. TOTAL Capital and Surplus (Page 3, Line 33)	39,550,811	20,288,859	12,820,591	12,930,502	18,819,075
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	205,847,620	159,762,626	141,264,056	147,170,891	146,105,210
6. TOTAL Medical and Hospital Expenses (Line 18)	161,114,190	137,595,312	123,882,758	130,980,925	129,326,702
7. Claims adjustment expenses (Line 20)	6,100,937	6,036,868	6,518,243	6,023,417	5,030,345
8. TOTAL Administrative Expenses (Line 21)	25,385,203	22,347,015	16,606,725	15,382,328	16,119,665
9. Net underwriting gain (loss) (Line 24)	12,747,290	(6,216,569)	(3,893,730)	(6,597,453)	(4,839,768)
10. Net investment gain (loss) (Line 27)	1,533,628	990,836	250,592	394,398	269,383
11. TOTAL Other Income (Lines 28 plus 29)			53,755	25,695	
12. Net income or (loss) (Line 32)	9,275,007	(5,225,733)	(3,589,383)	(6,177,360)	(4,559,308)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	1,479,271	4,599,058	(10,769,776)	(2,746,218)	(2,772,110)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	39,550,811	20,288,859	12,820,591	12,930,502	18,819,075
15. Authorized control level risk-based capital	6,798,788	6,012,498	5,462,471	5,692,025	5,631,778
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	46,051	57,227	41,256	44,550	45,067
17. TOTAL Members Months (Column 6, Line 7)	588,387	518,147	495,442	542,687	569,492
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	78.3	86.1	87.7	89.0	88.5
20. Cost containment expenses	2.2	2.6	2.6	2.6	2.1
21. Other claims adjustment expenses	0.8	1.2	2.0	1.4	1.3
22. TOTAL Underwriting Deductions (Line 23)	93.8	103.9	102.8	104.5	103.3
23. TOTAL Underwriting Gain (Loss) (Line 24)	6.2	(3.9)	(2.8)	(4.5)	(3.3)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	18,695,911	10,117,020	17,758,675	14,536,223	13,127,677
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	27,775,861	12,193,433	16,338,903	14,198,702	13,320,969
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated		5,460	5,634	5,628	5,623
32. TOTAL of Above Lines 26 to 31	1,500,000	1,505,460	1,505,634	1,505,628	1,505,623
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[] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	L	207,512,630			2,220,837		209,733,467		
5. California (CA)	N								
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)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
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)	N								
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)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
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	207,512,630			2,220,837		209,733,467		
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) 1	207,512,630			2,220,837		209,733,467		
DETAILS OF WRITE-INS									
58001	X X X								
58002	X X X								
58003	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

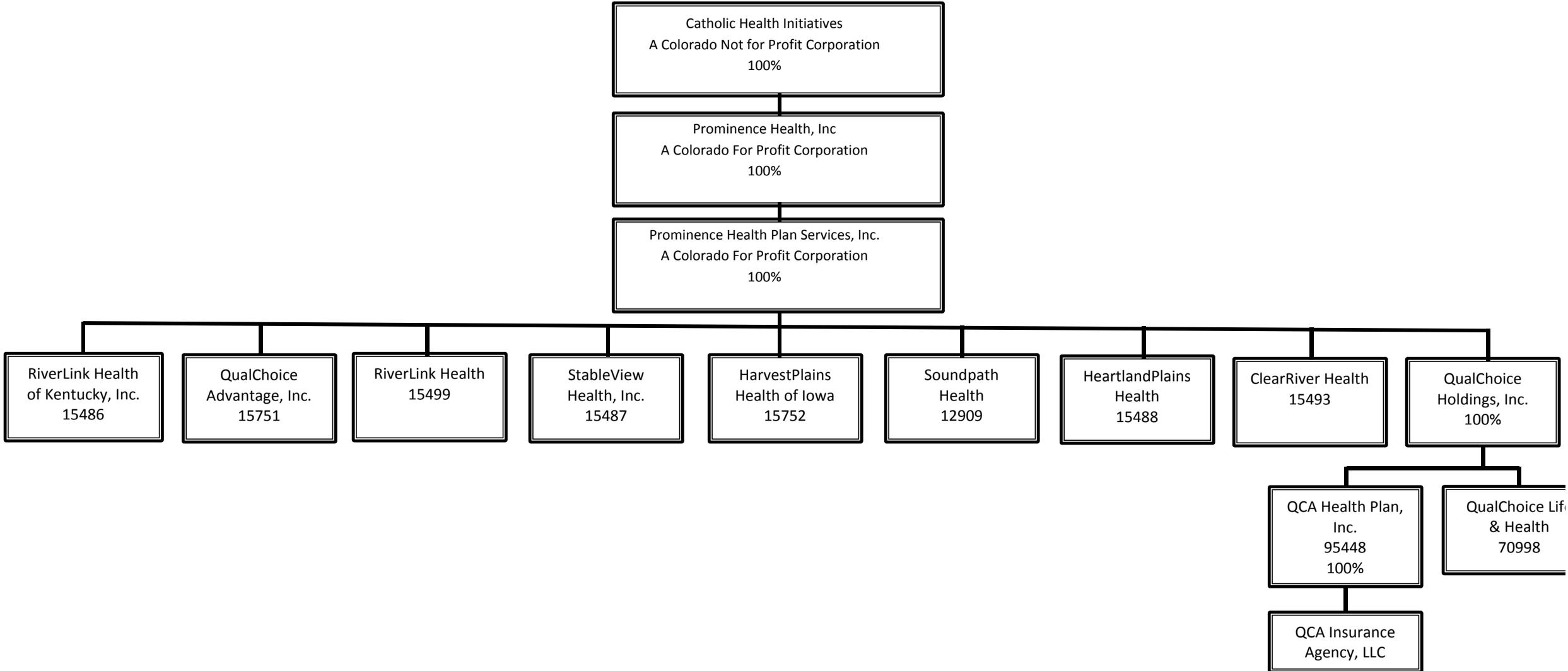
(a) Insert the number of L responses except for Canada and Other Alien. Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Q40
40



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