



ANNUAL STATEMENT

For the Year Ending DECEMBER 31, 2018

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	AR		
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	Greg Moore <small>(Name)</small>		(501)219-5156 <small>(Area Code)(Telephone Number)(Extension)</small>			
	gregory.moore@qualchoice.com <small>(E-Mail Address)</small>		(501)707-6728 <small>(Fax Number)</small>			

OFFICERS

Name	Title
Randall Alvin Crow	President #
Gregory Porter Moore	CFO #
Charles William Hanson	Secretary

OTHERS

Win Hammerly M.D., Vice President - Medical Affairs

DIRECTORS OR TRUSTEES

Mark Fred Bjornson	Steven Charles Schramm
Philip Linwood Foster	Charles William Hanson
Jeremy Stephen Dressen #	

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> Randall Alvin Crow <small>(Printed Name)</small> 1. President <small>(Title)</small>	_____ <small>(Signature)</small> Gregory Porter Moore <small>(Printed Name)</small> 2. CFO <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 _____, 2019

- 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)	42,093,398		42,093,398	42,202,670
2. Stocks (Schedule D):				
2.1 Preferred stocks	1,500,000		1,500,000	1,500,000
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 (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 (\$.....47,340,382, Schedule E Part 1), cash equivalents (\$.....654,576, Schedule E Part 2) and short-term investments (\$.....0, Schedule DA)	47,994,958		47,994,958	26,008,826
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				5,404
9. Receivables for securities				
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				(4)
12. Subtotals, cash and invested assets (Lines 1 to 11)	91,588,356		91,588,356	69,716,896
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	263,797		263,797	206,197
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	845,252	1,162	844,090	1,209,205
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)	32,223		32,223	802,111
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	33,933		33,933	1,007,708
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	308,447		308,447	276,950
18.1 Current federal and foreign income tax recoverable and interest thereon	1,813,593		1,813,593	
18.2 Net deferred tax asset	1,094,638	253,193	841,445	642,353
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$.....0)	54,327	54,327		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	300		300	323,747
24. Health care (\$.....1,708,231) and other amounts receivable	3,459,237	1,751,006	1,708,231	1,179,986
25. Aggregate write-ins for other than invested assets	15,253,231		15,253,231	
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	114,747,334	2,059,688	112,687,646	75,365,153
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	114,747,334	2,059,688	112,687,646	75,365,153
DETAILS OF WRITE-INS				
1101. rounding				(4)
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)				(4)
2501. CSR Cost Sharing Receivable	15,253,231		15,253,231	
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	15,253,231		15,253,231	

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	24,262,808	2,884,368	27,147,176	18,924,844
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	563,661		563,661	407,895
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	6,368,820		6,368,820	587,981
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	4,150,898		4,150,898	2,214,637
9. General expenses due or accrued	3,130,489		3,130,489	2,355,819
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))	5,441,138		5,441,138	702,413
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				441,093
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	1,435,710		1,435,710	242,135
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	4,477,566		4,477,566	5,915,319
23. Aggregate write-ins for other liabilities (including \$.....0 current)				
24. TOTAL Liabilities (Lines 1 to 23)	49,831,090	2,884,368	52,715,458	31,792,136
25. Aggregate write-ins for special surplus funds	X X X	X X X		3,297,877
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	29,750,000	29,750,000
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	(279,950)	(19,977,000)
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	59,972,190	43,573,017
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	112,687,648	75,365,153
DETAILS OF WRITE-INS				
2301. rounding				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501. ACA Section 9010 Assesment	X X X	X X X		3,297,877
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		3,297,877
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	563,061	545,128
2. Net premium income (including \$.....0 non-health premium income)	X X X	206,395,796	197,579,684
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	206,395,796	197,579,684
Hospital and Medical:			
9. Hospital/medical benefits	13,473,589	110,562,636	116,888,702
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area	1,599,226	13,123,052	14,816,878
13. Prescription drugs		30,926,698	30,793,374
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			(247,273)
16. Subtotal (Lines 9 to 15)	15,072,815	154,612,386	162,251,681
Less:			
17. Net reinsurance recoveries		1,135,841	1,641,327
18. TOTAL Hospital and Medical (Lines 16 minus 17)	15,072,815	153,476,545	160,610,354
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....3,647,478 cost containment expenses		6,266,411	6,422,246
21. General administrative expenses		25,624,378	17,665,662
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23. TOTAL Underwriting Deductions (Lines 18 through 22)	15,072,815	185,367,334	184,698,262
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	21,028,462	12,881,422
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,380,247	742,974
26. Net realized capital gains (losses) less capital gains tax of \$.....0		(253,126)	(21,544)
27. Net investment gains (losses) (Lines 25 plus 26)		1,127,121	721,430
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			17,295
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	22,155,583	13,620,147
31. Federal and foreign income taxes incurred	X X X	5,441,151	2,527,593
32. Net income (loss) (Lines 30 minus 31)	X X X	16,714,432	11,092,554
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. Miscellaneous Income/Expense			17,295
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			17,295

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	43,573,017	31,879,701
34. Net income or (loss) from Line 32	16,714,432	11,092,554
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		
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(2,647,663)	3,742,301
39. Change in nonadmitted assets	2,332,402	(3,141,539)
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Lines 34 to 47)	16,399,171	11,693,316
49. Capital and surplus end of reporting year (Line 33 plus 48)	59,972,188	43,573,017
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	214,805,644	193,773,914
2.	Net investment income	1,373,824	742,166
3.	Miscellaneous income		
4.	TOTAL (Lines 1 through 3)	216,179,468	194,516,080
5.	Benefit and loss related payments	144,280,438	165,683,538
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	32,429,603	21,282,627
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	2,516,019	11,587
10.	TOTAL (Lines 5 through 9)	179,226,060	186,977,752
11.	Net cash from operations (Line 4 minus Line 10)	36,953,408	7,538,328
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	19,208,121	26,446,257
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets	5,404	
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		33,743
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7)	19,213,525	26,480,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	19,403,157	28,523,749
13.2	Stocks		
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)	19,403,157	28,523,749
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)	(189,632)	(2,043,749)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(14,777,644)	3,390,072
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(14,777,644)	3,390,072
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)	21,986,132	8,884,651
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	26,008,826	17,124,175
19.2	End of year (Line 18 plus Line 19.1)	47,994,958	26,008,826

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	206,395,796	203,248,263				3,147,533				
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)	206,395,796	203,248,263				3,147,533				
8. Hospital/medical benefits	110,562,636	108,696,999				1,865,637				X X X
9. Other professional services										X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	13,123,052	12,901,613				221,439				X X X
12. Prescription drugs	30,926,698	30,409,934				516,764				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)	154,612,386	152,008,546				2,603,840				X X X
16. Net reinsurance recoveries	1,135,841	1,135,841								X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16)	153,476,545	150,872,705				2,603,840				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 \$.....3,647,478 cost containment expenses	6,266,411	6,180,366				86,045				
20. General administrative expenses	25,624,378	25,358,570				265,808				
21. Increase in reserves for accident and health contracts										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)	185,367,334	182,411,641				2,955,693				
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	21,028,462	20,836,622				191,840				
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

		1	2	3	4
	Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical)	204,430,649		1,167,633	203,263,016
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan	3,147,533		14,752	3,132,781
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid				
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	207,578,182		1,182,385	206,395,797
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	207,578,182		1,182,385	206,395,797

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	147,495,747	144,812,360				2,683,387				
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	2,109,616	2,109,616								
1.4 Net	145,386,131	142,702,744				2,683,387				
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	27,147,178	26,862,309				284,869				
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	27,147,178	26,862,309				284,869				
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										
6. Net healthcare receivables (a)	1,105,694	1,006,481				99,213				
7. Amounts recoverable from reinsurers December 31, current year	33,933	33,933								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	18,924,845	18,715,119				209,726				
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	18,924,845	18,715,119				209,726				
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										
11. Amounts recoverable from reinsurers December 31, prior year	1,007,708	1,007,708								
12. Incurred benefits:										
12.1 Direct	154,612,386	151,953,069				2,659,317				
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	1,135,841	1,135,841								
12.4 Net	153,476,545	150,817,228				2,659,317				
13. Incurred medical incentive pools and bonuses										

(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	2,120,404	2,095,232				25,172				
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	2,120,404	2,095,232				25,172				
2. Incurred but Unreported:										
2.1 Direct	25,026,774	24,767,077				259,697				
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	25,026,774	24,767,077				259,697				
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	27,147,178	26,862,309				284,869				
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	27,147,178	26,862,309				284,869				

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)	13,839,600	137,974,120	938,009	25,924,355	14,777,609	18,715,119
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan	97,317	2,628,257	(2,660)	287,472	94,657	209,726
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid						
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	13,936,917	140,602,377	935,349	26,211,827	14,872,266	18,924,845
10.	Healthcare receivables (a)	3,118,656	6,034,508	33,932	3,459,237	3,152,588	3,361,251
11.	Other non-health						
12.	Medical incentive pool and bonus amounts						
13.	TOTALS (Lines 9 - 10 + 11 + 12)	10,818,261	134,567,869	901,417	22,752,590	11,719,678	15,563,594

(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 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	120,438	120,438	120,438	120,438	120,438
2. 2014	111,899	130,402	130,402	130,402	130,402
3. 2015	X X X	142,703	167,247	167,312	167,312
4. 2016	X X X	X X X	183,262	213,897	213,896
5. 2017	X X X	X X X	X X X	146,658	160,776
6. 2018	X X X	X X X	X X X	X X X	143,242

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 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	121,923	120,438	120,438	120,438	120,438
2. 2014	140,047	130,908	130,402	130,402	130,402
3. 2015	X X X	170,481	167,250	167,313	167,312
4. 2016	X X X	X X X	212,443	213,966	213,892
5. 2017	X X X	X X X	X X X	165,514	161,663
6. 2018	X X X	X X X	X X X	X X X	169,507

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. 2014	163,468	130,402	4,169	3.197	134,571	82.323			134,571	82.323
2. 2015	206,135	167,312	4,480	2.678	171,792	83.340			171,792	83.340
3. 2016	220,854	213,896	4,721	2.207	218,617	98.987	(4)		218,613	98.985
4. 2017	197,580	160,776	6,943	4.318	167,719	84.887	887		168,606	85.336
5. 2018	205,445	143,242	22,692	15.842	165,934	80.768	26,265	567	192,766	93.829

12 Grand 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 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	118,952	118,952	118,952	118,952	118,952
2. 2014	110,502	128,715	128,715	128,715	128,715
3. 2015	X X X	140,681	165,030	165,095	165,095
4. 2016	X X X	X X X	181,402	211,900	211,899
5. 2017	X X X	X X X	X X X	144,811	158,832
6. 2018	X X X	X X X	X X X	X X X	140,579

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 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	120,437	118,952	118,952	118,952	118,952
2. 2014	138,510	129,197	128,715	128,715	128,715
3. 2015	X X X	168,209	165,033	165,096	165,095
4. 2016	X X X	X X X	210,583	211,969	211,895
5. 2017	X X X	X X X	X X X	163,457	159,721
6. 2018	X X X	X X X	X X X	X X X	166,556

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. 2014	161,387	128,715	4,116	3.198	132,831	82.306			132,831	82.306
2. 2015	203,915	165,095	4,432	2.685	169,527	83.136			169,527	83.136
3. 2016	217,987	211,899	4,660	2.199	216,559	99.345	(4)		216,555	99.343
4. 2017	195,001	158,832	6,866	4.323	165,698	84.973	889		166,587	85.429
5. 2018	202,297	140,579	22,437	15.960	163,016	80.583	25,977	558	189,551	93.699

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 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	1,486	1,486	1,486	1,486	1,486
2.	2014	1,397	1,687	1,687	1,687	1,687
3.	2015	X X X	2,022	2,217	2,217	2,217
4.	2016	X X X	X X X	1,860	1,997	1,997
5.	2017	X X X	X X X	X X X	1,847	1,944
6.	2018	X X X	X X X	X X X	X X X	2,663

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 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	1,486	1,486	1,486	1,486	1,486
2.	2014	1,537	1,711	1,687	1,687	1,687
3.	2015	X X X	2,272	2,217	2,217	2,217
4.	2016	X X X	X X X	1,860	1,997	1,997
5.	2017	X X X	X X X	X X X	2,057	1,942
6.	2018	X X X	X X X	X X X	X X X	2,951

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.	2014	2,081	1,687	53	3.142	1,740	83.614			1,740	83.614
2.	2015	2,220	2,217	48	2.165	2,265	102.027			2,265	102.027
3.	2016	2,867	1,997	61	3.055	2,058	71.782			2,058	71.782
4.	2017	2,579	1,944	77	3.953	2,021	78.358	(2)		2,019	78.280
5.	2018	3,148	2,663	255	9.581	2,918	92.699	288	9	3,215	102.133

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	216,628	216,628							
2. Additional policy reserves (a)									
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	6,152,192	6,152,192							
6. TOTALS (Gross)	6,368,820	6,368,820							
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	6,368,820	6,368,820							
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. Small Group Rebate Payable	237,772	237,772							
0502. ACA - Risk Sharing	5,914,420	5,914,420							
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	6,152,192	6,152,192							
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 \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	233,843	93,288	515,540		842,671
2. Salaries, wages and other benefits	4,521,836	1,803,916	9,969,020		16,294,772
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)			4,228,057		4,228,057
4. Legal fees and expenses					
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services			147,694		147,694
7. Traveling expenses	26,599	8,365	62,021		96,985
8. Marketing and advertising	4,387		502,681		507,068
9. Postage, express and telephone	26,694	435,374	538,540		1,000,608
10. Printing and office supplies	102,028	230,062	301,029		633,119
11. Occupancy, depreciation and amortization			205,682		205,682
12. Equipment					
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services	601,130	780,338	5,277,920		6,659,388
15. Boards, bureaus and association fees					
16. Insurance, except on real estate			208,090		208,090
17. Collection and bank service charges					
18. Group service and administration fees					
19. Reimbursements by uninsured plans	(2,148,611)	(857,155)	(4,736,914)		(7,742,680)
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			3,076,977		3,076,977
23.3 Regulatory authority licenses and fees			4,164,644		4,164,644
23.4 Payroll taxes	262,746	106,868	579,897		949,511
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				48,796	48,796
25. Aggregate write-ins for expenses	16,826	17,877	540,736		575,439
26. TOTAL Expenses Incurred (Lines 1 to 25)	3,647,478	2,618,933	25,581,614	48,796	(a) 31,896,821
27. Less expenses unpaid December 31, current year		563,661	3,130,489		3,694,150
28. Add expenses unpaid December 31, prior year		407,607	2,355,819		2,763,426
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)	3,647,478	2,462,879	24,806,944	48,796	30,966,097
DETAILS OF WRITE-INS					
2501. Other Employee Expenses	16,312	5,994	191,802		214,108
2502. Donations			19,077		19,077
2503. Miscellaneous	514	11,883	174,091		186,488
2598. Summary of remaining write-ins for Line 25 from overflow page			155,766		155,766
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	16,826	17,877	540,736		575,439

(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) 254,775	312,376
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 649,291	649,291
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 467,376	467,376
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. TOTAL gross investment income	1,371,442	1,429,043
11. Investment expenses		(g) 48,796
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)		48,796
17. Net Investment income (Line 10 minus Line 16)		1,380,247

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	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(119,379)		(119,379)		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	(133,747)		(133,747)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. TOTAL Capital gains (losses)	(253,126)		(253,126)		

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	1,162		(1,162)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	253,193	3,099,948	2,846,755
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	54,327	118,585	64,258
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	1,751,006	1,173,557	(577,449)
25. Aggregate write-ins for other than invested assets			
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	2,059,688	4,392,090	2,332,402
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. TOTAL (Lines 26 and 27)	2,059,688	4,392,090	2,332,402
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			
2502. Goodwill			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			

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	578	634	646	650	647	7,690
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service	44,945	46,691	46,940	46,309	45,808	555,371
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	45,523	47,325	47,586	46,959	46,455	563,061
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

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

1. Summary of Significant Accounting Policies and Going Concern

Organization and Operation

QCA Health Plan, Inc. (dba QualChoice), (the Company), is a licensed health maintenance organization in the state of Arkansas and is subject to regulation by the Arkansas Insurance Department. The Company was incorporated in Arkansas on April 8, 1996. The Company's parent company is QualChoice Holdings, Inc. (Qualchoice). The Company is engaged in a variety of activities such as providing coverage for its enrollees, substantially all of whom are residents of the state of Arkansas, as well as claims and administrative services for self-insured groups both within and outside the state of Arkansas. QualChoice Holdings is a subsidiary of QualChoice Health Plan Services, Inc (QHPS). QHPS is a direct subsidiary of QualChoice Health Inc. (QHI). QHPS owns all health insurance subsidiaries of QHI.

A. Accounting Practices

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.

	SSAP#	F/S Page	F/S Line#	2018	2017
Net Income (Loss)					
(1) QCA Health Plan, Inc. state basis (Page 4, Line 32, Columns 2 & 3)				\$16,714,432	\$11,092,554
(2) State prescribed practices that increase/(decrease) NAIC SAP					
(3) State permitted practices that increase/(decrease) NAIC SAP					
(4) NAIC SAP (1 - 2 - 3 = 4)				\$16,714,432	\$11,092,554
Surplus					
(5) QCA Health Plan, Inc. state basis (Page 3, Line 33, Columns 3 & 4)				\$59,972,190	\$43,573,017
(6) State prescribed practices that increase/(decrease) NAIC SAP					
(7) State permitted practices that increase/(decrease) NAIC SAP					
(8) NAIC SAP (5 - 6 - 7 = 8)				\$59,972,190	\$43,573,017

B. Use of Estimates in the Preparation of the Statutory Basis Financial Statements

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

C. Accounting Policy

Health Premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost.
- (3) The Company holds no ownership in common stocks.
- (4) The Company has invested in the preferred stock of the affiliated entity, QualChoice Life and Health Insurance Company, Inc.
- (5) The Company holds no mortgage loans.
- (6) The commercial loan-backed securities are stated at amortized cost.
- (7) The Company has invested in the preferred stock of the affiliated entity, QualChoice Life and Health Insurance Company, Inc.
- (8) The Company does not have investments in joint ventures, partnerships or limited liability companies.

Notes to Financial Statements

- (9) The Company holds no derivatives.
- (10) The Company does not have premium deficiency reserves.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
- (12) Expenditures for assets are capitalized at \$3,000 and all other costs are expensed.
- (13) Pharmacy rebate receivable is estimated based on historical payments received.

2. Accounting Changes and Corrections of Errors

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

3. Business Combinations and Goodwill

The Company has no business combinations or goodwill as of December 31, 2018.

4. Discontinued Operations

The Company had no discontinued operations as of December 31, 2018.

5. Investments

A. The Company acquired commercial mortgage-backed securities during the year of 2018. The Company is relying on Bank of New York Mellon as a source used to determine the currently estimated cash flows. The Company has no mortgage-backed securities with a recognized other-than-temporary impairment.

(3) There were no taxes, assessments or any amounts advances not included in mortgage loan total.

(4) N/A

(5) There were no investments in impaired loans.

(6) N/A

(7) There was no activity in the allowance for credit losses account.

(8) There were no mortgage loans derecognized as a result of foreclosure.

B. The Company has no debt restructuring at this time.

C. The Company has no reverse mortgages at this time.

D. The Company acquired commercial loan-backed securities during the year of 2018. The Company is relying on Bank of New York Mellon as a source used to determine the currently estimated cash flows. The Company has no loan-backed securities with a recognized other-than-temporary impairment.

(2) There were no securities within the scope of SSAP No. 43R – Loan-Backed and Structured Securities with a recognized other-than-temporary impairment;

(3) N/A

(4) N/A

E. The Company has no dollar repurchase agreements and/or Securities Lending Transactions at this time.

F. The Company had no repurchase agreements transactions accounted for as secured borrowing.

G. The Company had no reverse repurchase agreements transactions accounted for as secured borrowing.

H. The Company had no repurchase agreements transactions accounted for as a sale.

I. The Company had no reverse repurchase agreements transactions accounted for as a sale.

J. The Company has no investments in real estate at this time.

K. The Company has no investments in low-income housing tax credits.

L. The Company has no restricted assets other than a Statutory Deposit with the State of Arkansas of \$620,908 at book value.

M. The Company has no Working Capital Finance Investments.

N. The Company does not offset or net Assets and Liabilities other than Cost Sharing Reduction and ACA Risk Adjustment.

O. The Company does not hold Structured Notes at this time.

P. The Company does not hold 5* Securities at this time.

Q. The Company does not hold Short Sales at this time.

6. Joint Ventures, Partnerships and Limited Liability Companies

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

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

7. Investment Income

A. The Company's investment income was earned on cash, cash equivalents, and bonds, and no investment income was excluded from surplus for the years ended December 31, 2018 and 2017. All investment income due and accrued is included in investment income.

B. N/A

Notes to Financial Statements

8. Derivative Instruments

The Company has no derivative instruments.

9. Income Taxes

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

(1)	Description	2018			2017			Change		
		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a	Gross deferred tax assets	3,895,203	60,117	3,955,320	3,742,301	-	3,742,301	152,902	60,117	213,019
b	Statutory valuation allowance adjustment	(2,771,652)	(60,117)	(2,831,769)	-	-	-	(2,771,652)	(60,117)	(2,831,769)
c	Adjusted gross deferred tax assets (1a-1b)	1,123,551	-	1,123,551	3,742,301	-	3,742,301	(2,618,750)	-	(2,618,750)
d	Deferred tax assets nonadmitted	253,193	-	253,193	3,099,948	-	3,099,948	(2,846,755)	-	(2,846,755)
e	Net admitted deferred tax asset (1c-1d)	870,358	-	870,358	642,353	-	642,353	228,005	-	228,005
f	Deferred tax liabilities	28,913	-	28,913	-	-	-	28,913	-	28,913
g	Net deferred tax asset/(liability)	841,445	-	841,445	642,353	-	642,353	199,092	-	199,092

(2) Admission Calculation Components under SSAP No. 101

(2)	Admission Calculation Components	2018			2017			Change		
		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a	Federal income taxes paid in prior years recoverable through loss carrybacks	705,382	-	705,382	452,010	-	452,010	253,372	-	253,372
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:	136,063	-	136,063	190,343	-	190,343	(54,280)	-	(54,280)
	(1) Adjusted gross deferred tax assets expected to be realized following the balance sheet date	136,063	-	136,063	-	-	-	136,063	-	136,063
	(2) Adjusted gross deferred tax assets allowed per limitation threshold	xxx	xxx	8,868,707	xxx	xxx	6,434,963	xxx	xxx	2,433,744
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	28,913	-	28,913	-	-	-	28,913	-	28,913
d	Deferred tax assets admitted as the result of application of SSAP 101.	870,358	-	870,358	642,353	-	642,353	228,005	-	228,005
	Deferred tax Liabilities	(28,913)	-	(28,913)	-	-	-	(28,913)	-	(28,913)
	Net Admitted Deferred Tax Asset (Liability)	841,445	-	841,445	642,353	-	642,353	199,092	-	199,092

(3) Other Admissibility Criteria

	2018	2017
a Ratio percentage used to determine recovery period and threshold limitation amount	>400%	>400%
b Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b) 2 above.	59,124,714	42,899,752

(4) Impact of Tax Planning strategies

(4)	Description	2018			2017			Change		
		Ordinary	Capital	Total	Ordinary	Capital	Total	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).	1,123,551	-	1,123,551	3,742,301	-	3,742,301	(2,618,750)	-	(2,618,750)
	(2) Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%	0%	0%	0%
	(3) Net Admitted Adjusted Gross DTAs amount from Note 9A1 (e).	870,358	-	870,358	642,353	-	642,353	228,005	-	228,005
	(4) Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%	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:

	2018	2017	Change	
a	Current federal income tax expense	5,496,512	2,527,620	2,968,892
b	Foreign taxes	-	-	-
c	Subtotal	5,496,512	2,527,620	2,968,892
d	Tax on capital gains/(losses)	-	(11,600)	11,600
e	Utilization of capital loss carryforwards	-	-	-
f	SSAP3, Error Correction	-	-	-
g	Other, including prior year underaccrual/(overaccrual)	(55,374)	-	(55,374)
h	Federal and foreign income taxes incurred	5,441,138	2,516,019	2,925,118

Notes to Financial Statements

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

	December 31, 2018	December 31, 2017	Change
(2) Deferred Tax Assets:			
(a) Ordinary			
(1) Discount on unpaid losses	89,384	29,316	60,068
(2) Unearned premium reserves	183,436	85,658	97,778
(3) Minimum tax credit	69,880	139,760	(69,880)
(4) Accrued vacation	-	-	-
(5) Fixed assets	26,616	19,177	7,439
(6) Accrued bonus	-	-	-
(7) Accrued broker commissions	-	-	-
(8) Allowance for bad debts	-	-	-
(9) Net operating losses	3,033,886	3,052,616	(18,730)
(10) Nonadmitted assets	379,364	271,350	108,014
(11) Premium Deficiency Reserve	-	-	-
(12) Accrued other expenses	3,740	-	3,740
(13) Intangibles	72,333	79,333	(7,000)
(14) Sick Time Benefits	36,564	65,090	(28,526)
Subtotal	3,895,203	3,742,300	152,903
(b) Statutory valuation allowance adjustment	2,771,652	-	2,771,652
(c) Nonadmitted	253,193	3,099,948	(2,846,755)
(d) Admitted ordinary deferred tax assets	870,358	642,352	228,006
(e) Capital			
(1) Investments	-	-	-
(2) Capital loss carry-forward	60,117	-	60,117
(3) Tax effect of unrealized capital losses	-	-	-
Gross Capital Deferred Tax Assets	60,117	-	60,117
(f) Statutory valuation allowance adjustment	60,117	-	60,117
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets	-	-	-
(i) Total admitted deferred tax assets	870,358	642,352	228,006
(3) Deferred Tax Liabilities:			
(a) Ordinary			
(1) Fixed Assets	-	-	-
(2) Reserve transition liability	28,913	-	28,913
(3) Other (required to disclose items > 5%)	-	-	-
Ordinary Deferred Tax Liabilities	28,913	-	28,913
(b) Capital			
(1) Intangibles	-	-	-
(2) Other (required to disclose items > 5%)	-	-	-
(3) Tax effect of unrealized capital gains	-	-	-
Capital Deferred Tax Liabilities	-	-	-
(c) Total Deferred Tax Liabilities	28,913	-	28,913
(4) Net deferred tax assets/liabilities	841,445	642,352	199,093

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):

	December 31, 2018	December 31, 2017	Change
Total deferred tax assets	1,123,551	3,742,300	(2,618,749)
Total deferred tax liabilities	(28,913)	-	(28,913)
Net deferred tax assets/liabilities	1,094,638	3,742,300	(2,647,662)
Tax effect of unrealized gains/(losses)	-	-	-
Change in net deferred income tax [(expense)/benefit]	-	-	(2,647,662)
	December 31, 2017	December 31, 2016	Change
Total deferred tax assets	3,742,300	-	3,742,300
Total deferred tax liabilities	-	-	-
Net deferred tax assets/liabilities	3,742,300	-	3,742,300
Tax effect of unrealized gains/(losses)	-	-	-
Change in net deferred income tax [(expense)/benefit]	-	-	3,742,300

Our accounting for all elements of the Tax Act is complete under INT 18-01. We recorded an immaterial adjustment (effective tax rate impact of \$0) related to our accounting for property and casualty reserves as a result of guidance issued by the IRS.

	Amount	Tax Effect	Tax Rate
2018			
Provision computed at statutory rate	22,149,553	4,651,406	21.0%
Change in nonadmitted assets	(514,353)	(108,014)	-0.5%
Impact of Tax Rate Change	(158,249)	(22,156)	-0.1%
Change in valuation allowance	13,484,614	2,831,769	12.8%
Other, incl. Prior year adjustment	-	13	0.0%
ACA Fee	3,503,734	735,782	3.3%
Total statutory income tax		8,088,800	36.5%
Federal income taxes incurred		5,496,512	24.8%
Tax on capital gains/(losses)		-	0.0%
Prior year overaccrual/(underaccrual)		(55,374)	-0.3%
Change in net deferred income tax [expense/(benefit)]		2,647,662	12.0%
Total statutory income tax		8,088,800	36.5%

Notes to Financial Statements

2017	Amount	Tax Effect	Tax Rate
Provision computed at statutory rate	13,608,547	4,762,992	35.0%
Change in nonadmitted assets	(42,452)	(14,858)	-0.1%
ACA Fee	17,154,958	2,401,694	17.6%
NOL Waived	(23,348,179)	(8,202,773)	-60.3%
Prior year true-up	(495,247)	(173,336)	-1.3%
Change in valuation allowance			
Total		(1,226,281)	-9.0%
Federal income taxes incurred		2,527,620	18.6%
Tax on capital gains/(losses)		(11,600)	-0.1%
SSA F3 Error Correction		-	0.0%
Change in net deferred income taxes		(3,742,300)	-27.5%
Prior year overaccrual/(underaccrual)		-	
Change in net deferred income tax (Expense/Benefit)			
Total statutory income taxes		(1,226,281)	-9.0%

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

	December 31, 2018	December 31, 2017
The Company had net operating losses of:	14,447,074	14,536,269
The Company had capital loss carryforwards of:	286,270	-
The Company had AMT credit carryforwards of:	69,880	139,760

Net Operating Loss: Year Ending	2018	2017	Expires
12/31/2011	4,125,178	4,214,373	2030
12/31/2012	6,498,427	6,498,427	2031
12/31/2013	3,823,469	3,823,469	2032
12/31/2014	-	-	2033
6/30/2015	-	-	2034
12/31/2015	-	-	2034
12/31/2016	-	-	2035
12/31/2017	-	-	2036
	14,447,074	14,536,269	

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

Capital Loss: Year Ending	2018	2017	Expires
12/31/2017	33,144	-	2022
12/31/2018	253,126	-	2023
	286,270	-	

Additional detail of refundable AMT Credits:

(1) Gross AMT Credit Recognized as:

a. Current year recoverable	69,880
b. Deferred tax asset (DTA)	69,880
(2) BOY AMT Credit CF	139,760
(3) Amounts Recovered	69,880
(4) Adjustments	-
(5) EOY AMT Credit CF (5=2-3-4)	69,880
(6) Reduction for Sequestration	-
(7) Nonadmitted	-
(8) Reporting Entity Ending Balance (8=5-6-7)	69,880

(2) The following represents income tax expense for tax years ending 12/2018, 12/2017, and 12/2016 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
Dec-16	-	-	-
Dec-17	2,460,632	-	2,460,632
Dec-18	5,496,512	-	5,496,512

(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, 2017

F. Consolidated Federal Income Tax Return

(1) The Company files a consolidated return with the following entities:

QualChoice Health, Inc.	46-1222808
QualChoice Health Plan Services, Inc.	46-1224037
QualChoice of Nebraska, Inc.	81-0738227
QualChoice Holdings, Inc.	27-4075520
QCA Health Plan, Inc.	71-0794605
QualChoice Life and Health Insurance Company, Inc.	71-0386640
Soundpath Health	42-1720801
ClearRiver 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

(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, Affiliates and Other Related Parties

A-N. 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 \$27,881,936 and \$26,160,337 during 2018 and 2017, respectively, for these services.

Under the provisions of various provider contracts, the Company paid \$11,482,834 and \$12,446,395 to hospitals owned by or affiliated with stockholders during 2018 and 2017, respectively.

The Company was due \$300 and \$323,747 from affiliates, as of December 31, 2018 and 2017, respectively.

The Company owed \$815,628 and \$242,135 to affiliates as of December 31, 2018 and 2017, respectively, for general expenses paid on behalf of the Company.

QCA Health Plan, Inc. (dba QualChoice), (the Company), is a licensed health maintenance organization in the state of Arkansas and is subject to regulation by the Arkansas Insurance Department. The Company was incorporated in Arkansas on April 8, 1996. The Company's parent company is QualChoice Holdings, Inc. (Qualchoice). The

Notes to Financial Statements

Company is engaged in a variety of activities such as providing coverage for its enrollees, substantially all of whom are residents of the state of Arkansas, as well as claims and administrative services for self-insured groups both within and outside the state of Arkansas. QualChoice Holdings is a subsidiary of QualChoice Health Plan Services, Inc. (QHPS). QHPS is a direct subsidiary of QualChoice Health Inc. (QHI). QHPS owns all health insurance subsidiaries of QHI. 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.

11. Debt

A. The Company had the following surplus notes payable at December 31, 2018:

	<u>2018</u>	<u>2017</u>
Surplus note payable to QualChoice Health Plan Services, Inc.		
With interest at 6% beginning in December 2014	\$5,000,000	\$5,000,000

B. As of December 31, 2018, the Company has no outstanding Federal Home Loan Bank Agreements.

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

The Company has no defined benefit plan.

- A. N/A
- B. N/A
- C. N/A
- D. N/A

E. Defined Contribution Plans

The Company has an employee 401(k) Plan in which the Company matches 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. Contributions by the Company to the plan during 2018 and 2017 totaled \$704,093 and \$686,903, respectively.

- F. N/A
- G. N/A
- H. N/A
- I. N/A
- J. N/A
- K. N/A
- L. N/A
- M. N/A
- N. N/A

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

(1) 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, 2018, 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.

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

Description	2018	2017
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; 2% noncumulative, nonvoting; nonconvertible; 8,289,238 shares authorized and issued	8,289,238	8,289,238
	25,500,046	25,500,046

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, 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.

Notes to Financial Statements

- (3) The Company has no dividend restrictions.
 (4) The Company does not intend to pay dividends on its common or preferred stock in the foreseeable future.
 (5) N/A
 (6) The Company had no restrictions on its unassigned surplus.
 (7) The Company does not have any advances to surplus.
 (8) N/A
 (9) The Company has no special surplus funds.
 (10) N/A
 (11) 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 QualChoice Health Plan Services in exchange for cash. 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.

- (12) The Company was not involved in a quasi-reorganization.
 (13) N/A

14. Liabilities, Contingencies and Assessments

- A. None
- B. None
- C. None
- D. None
- E. None
- F. None

The Company is a defendant in general litigation as of December 31, 2018, 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, 2018, 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

- A. The Company has no lease agreements.
- B. N/A

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.

The Company does not have any off-balance sheet risk.

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

- A. The Company did not have any transfers of Receivables reported as Sales.
- B. The Company did not have any transfers and servicing of Financial Assets.
- C. The Company did not have any Wash Sales.

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

A. ASO Plans

During 2018 and 2017, 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 \$7,110,094 and \$7,549,130 for 2018 and 2017, 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 \$711,009 in 2017, and \$754,913 for 2018 and 2017. The claim payment volume was \$125,207,008 and \$90,329,932 for 2018 and 2017, respectively.

- B. N/A
- C. N/A

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

Notes to Financial Statements

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

20. Fair Value Measurements

A. (1) The Company does not have any financial assets that are measured and reported at fair value on the statutory basis statements or admitted assets, and capital and surplus at December 31, 2018. All investments are recorded at amortized cost.

(2) – (5) N/A

B. N/A

C. N/A

D. N/A

21. Other Items

A. The Company had no unusual or infrequent items as of December 31, 2018.

B. The Company had no troubled debt restructuring as of December 31, 2018.

C. The Company has no other disclosures as of December 31, 2018.

D. The Company has no business interruption insurance recoveries.

E. The Company has no state transferable or non-state transferable tax credits.

F. The Company does not engage in sub-prime residential mortgage lending nor does it have any material direct investments in collateralized debt obligations or debt securities that are directly backed by residential mortgages.

G. The Company does not have any retained asset accounts for beneficiaries.

H. The Company has no insurance-linked securities.

22. Events Subsequent

Subsequent events have been considered through February 28, 2019, the date which the financial statements were filed. The Company is not subject to Section 9010 Insurer Fee for the reporting year due to a regulatory moratorium.

23. Reinsurance

The Company is covered under a medical reinsurance agreement effective January 1, 2018 through December 31, 2018, 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. The maximum payable per covered person per agreement term is unlimited.

The reinsurance agreement contains a provision through which the Company may receive an experience refund of net profit in a contract year. At December 31, 2018 the Company recorded no receivable for experience refund related to the contract years that ended December 31, 2018 and December 31, 2017.

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.

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) There are no reinsurers listed on Schedule S as non-affiliated that are owned in excess of 10%, or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company.

(2) The Company had no reinsurer chartered outside of the United States.

Section 2 – Ceded Reinsurance Report – Part A

(1) The Company has no reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits.

(2) The Company has no reinsurance agreements in effect such that the amount of losses paid or accrued may result in a payment to the reinsurer of amounts that exceed the premium collected.

Section 3 – Ceded Reinsurance Reports – Part B

(1) The estimated reduction in surplus if the reinsurance agreement was terminated would be \$0.

(2) No new agreements have been executed during 2018.

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

C. There was no commutation of reinsurance during the year.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

N/A

Notes to Financial Statements

24. Retrospectively Rate Contracts & Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments for its group health insurance business through a mathematical approach using an algorithm of the company's underwriting rules and experience rating practices.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. No net premiums written by the company are subject to retrospective rating features.
- D. Medical loss ratio rebates required pursuant to the Public Health Service Act.

	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	-	-	-	\$179,561	\$179,561
(2) Medical loss ratio rebates paid					
(3) Medical loss ratio rebates unpaid					
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	
Current Reporting Year					
(1) Medical loss ratio rebates incurred	-	-	\$2,163,998	(\$74,945)	\$2,089,053
(2) Medical loss ratio rebates paid	-	-	\$1,818,687	\$212,155	\$2,030,842
(3) Medical loss ratio rebates unpaid			\$237,772	-	\$237,772
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	

E. Risk Sharing Provisions of the Affordable Care Act (ACA)

- (1) The Company has accident and health insurance premiums in 2018 and 2017 subject to the risk-sharing provisions of the ACA. The ACA imposes fees and premium stabilization provisions on health insurance issuers offering comprehensive commercial health insurance.
- (2) The following table presents the current year impact of risk-sharing provisions of the ACA on assets, liabilities and operations.

A. Permanent ACA Risk Adjustment Program		Amount
Assets		
1.	Premium Adjustment Receivable due to ACA Risk Adjustment	\$32,223
Liabilities		
2.	Risk Adjustment User Fees Payable for ACA Risk Adjustment	\$9,867
3.	Premium Adjustments Payable due to ACA Risk Adjustment	\$5,914,420
Operations (Revenue & Expense)		
4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$(5,347,235)
5.	Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	\$9,867

B. Transitional ACA Reinsurance Program		Amount
Assets		
1.	Amounts recoverable for claims paid due to ACA Reinsurance	\$33,932
2.	Amounts recoverable for claims unpaid due to ACA Reinsurance	
Liabilities		
3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	
4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	
5.	Ceded reinsurance premiums payable due to ACA Reinsurance	
6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	
Operations (Revenue & Expense)		
7.	Ceded reinsurance premiums due to ACA Reinsurance	
8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$4,985
9.	ACA Reinsurance contributions – not reported as ceded premium	

C. Temporary ACA Risk Corridors Program		Amount
Assets		
1.	Accrued retrospective premium due to ACA Risk Corridor	
Liabilities		
2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	

Notes to Financial Statements

Operations (Revenue & Expense)		
3.	Effect of ACA Risk Corridors on net premium income (paid/received)	\$5,653
4.	Effect of ACA Risk Corridors on change in reserves for rate credits	

(3) The following table is a roll forward of the prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balances.

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)
	1	2	3	4	5	6	7	8	Ref	9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable	\$771,212	\$	\$1,090,035	\$	\$(318,823)	\$	\$351,046	\$	A	\$32,223	\$
2. Premium adjustments (payable)		\$(216,138)				\$(216,138)		\$216,138	B		
3. Subtotal ACA Permanent Risk Adjustment Program	\$771,212	\$(216,138)	\$1,090,035	\$	\$(318,823)	\$(216,138)	\$351,046	\$216,138		\$32,223	\$
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	\$1,007,708	\$	\$978,760	\$	\$28,948	\$	\$4,985	\$	C	\$33,933	\$
2. Amounts recoverable for claims unpaid (contra liability)									D		
3. Amounts receivable relating to uninsured plans									E		
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium									F		
5. Ceded reinsurance premiums payable									G		
6. Liability for amounts held under uninsured plans									H		
7. Subtotal ACA Transitional Reinsurance Program	\$1,007,708	\$	\$978,760	\$	\$28,948	\$	\$4,985	\$		\$33,933	\$
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	\$30,899	\$	\$36,552	\$	\$(5,654)	\$	\$5,654	\$	I		\$
2. Reserve for rate credits or policy experience rating refunds									J		
3. Subtotal ACA Risk Corridors Program	\$30,899	\$	\$36,552	\$	\$(5,654)	\$	\$5,654	\$			\$
d. Total for ACA Risk-Sharing Provisions	\$1,809,819	\$(216,138)	\$2,105,347	\$	\$(295,529)	\$(216,138)	\$361,685	\$216,138		\$66,156	\$

Explanations of adjustments

- A. Adjustments made for amounts received for prior year
- B. Adjustments made for amounts received for prior year
- C. Adjustments made for amounts received for prior year
- D.
- E.
- F.
- G.
- H.
- I. Adjustments made for amounts received for prior year
- J.

(4) Roll Forward of ACA Risk Corridor Asset and Liability Balances by Program Benefit Year

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)
	1	2	3	4	5	6	7	8	Ref	9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. 2014											

Notes to Financial Statements

1. Accrued Retrospective Premium	\$30,899	\$	\$36,552	\$	\$(5,654)	\$	\$5,654	\$	A	\$	\$
2. Reserve for rate credits policy experience rating refunds									B		
b. 2015											
1. Accrued Retrospective Premium									C		
2. Reserve for rate credits policy experience rating refunds									D		
c. 2016											
1. Accrued Retrospective Premium									I		
2. Reserve for rate credits or policy experience rating refunds									J		
d. Total for Risk Corridor	\$30,899	\$	\$36,552	\$	\$(5,654)	\$	\$5,654	\$		\$	\$

Explanations of adjustments

A. Adjustments made for amounts received for prior year

B.

C.

D.

E.

F.

(5) ACA Risk Corridor Receivable as of Reporting Date

Risk Corridors Program Year	1 Estimated amount to be filed or final amounts filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts received from CMS	4 Asset balance (gross of nonadmission) (1-2-3)	5 Nonadmitted amounts	6 Net admitted assets
a. 2014	\$4,181,163	\$3,480,918	\$700,245	\$0	\$0	\$0
b. 2015	\$476,593	\$476,593	\$0	\$0	\$0	\$0
c. 2016	\$5,894,851	\$5,894,851	\$0	\$0	\$0	\$0
d. Total	\$10,552,607	\$9,858,106	\$700,245	\$0	\$0	\$0

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2018 were \$27,147,178. As of December 31, 2017, \$18,924,844 has been paid for incurred claims and claim adjustment expenses attributable to insured events incurred prior to January 1, 2018. Reserves remaining for prior years are now \$882,631 as a result of re-estimation of unpaid claims and claim adjustment expenses. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangement.

A. – G. N/A

27. Structured Settlements

This note is not applicable to health entities.

28. Health Care Receivables.

A. Pharmaceutical Rebate Receivables

The Company experienced the following activity associated with the pharmaceutical rebate receivables by quarter for the previous three years from December 31, 2018:

For 2018
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
12/31/2018	3,459,237				
9/30/2018	3,262,539	1,985,661	1,985,661		

Notes to Financial Statements

6/30/2018	3,141,771	3,555,615	1,569,954	1,985,661	
3/31/2018	2,354,172	3,780,045	2,000,897	1,569,954	209,193
12/31/2017	2,353,543	3,580,464	1,487,036	2,000,897	92,531
9/30/2017	1,696,038	3,308,813	1,349,407	1,487,036	472,370
6/30/2017	1,693,034	2,750,224	1,009,636	1,349,407	391,181
3/31/2017	1,100,074	2,414,611	1,146,985	1,009,636	257,990
12/31/2016	2,127,062	2,192,454	1,045,468	1,146,986	
9/30/2016	1,182,476	1,723,608	678,140	1,045,468	
6/30/2016	308,316	923,134	244,994	678,140	
3/31/2016	35,196	705,074	460,080	244,994	

B. Risk-Sharing Receivables – N/A

29. Participating Policies

The Company has no participating contracts.

N/A

30. Premium Deficiency Reserves

At December 31, 2018, the Company had no premium deficiency reserve.

31. Anticipated Salvage and Subrogation

Due to the type of business being written, the Company has no salvage. As of December 31, 2018 and 2017, the Company has no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

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
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes[] No[X]
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[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.12/31/2017.....
- 3.2 State 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).04/16/2016.....
- 3.4 By what department or departments?
Arkansas Insurance Department
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[] No[] N/A[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?
If yes, complete and file the merger history data file with the NAIC. 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 locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....	No	No	No	No

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 QualChoice Health Plan Services 10050 Crosstown Circle, Suite 250 Eden Prairie, MN 55344

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company
 12.12 Number of parcels involved
 12.13 Total book/adjusted carrying value \$ 0
 12.2 If yes, provide explanation \$ 0
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [] 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? Yes [] No [] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
 14.11 If the response to 14.1 is no, please explain:
 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [] 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: \$ 300

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

GENERAL INTERROGATORIES (Continued)

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
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 [] No [X]
 28.04 If yes, give full and complete information relating thereto:

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

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

1 Name of Firm or Individual	2 Affiliation
Catholic Health Initiatives - Treasury Department	A

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

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

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

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
N/A	Catholic Health Initiatives-Treasury Department	47-0617373		

GENERAL INTERROGATORIES (Continued)

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

Yes [] No[X]

29.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	42,093,398	41,724,281	(369,117)
30.2 Preferred stocks	1,500,000	1,500,000	
30.3 Totals	43,593,398	43,224,281	(369,117)

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:

33. By self-designation 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:
- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
 - b. Issuer or obligor is current on all contracted interest and principal payments.
 - c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting-entity self-designated 5GI securities? Yes[] No[X]

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

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

Has the reporting entity self-designated PLGI securities? Yes[] No[X]

OTHER

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

35.2 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
.....	

36.1 Amount of payments for legal expenses, if any? \$..... 0

36.2 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
.....	

37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 0

37.2 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.

GENERAL INTERROGATORIES (Continued)

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	206,395,796	197,589,867
2.2 Premium Denominator	206,395,796	197,579,684
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	30,022,827	16,730,331
2.5 Reserve Denominator	33,515,996	19,512,825
2.6 Reserve Ratio (2.4 / 2.5)	0.896	0.857

- 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 \$ 0
- 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 19,232
- 8.2 Number of providers at end of reporting year 20,660
- 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. Yes No
- Arkansas
- 11.4 If yes, show the amount required. \$ 600,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes No
- 11.6 If the amount is calculated, show the calculation.
- 12. List service areas in which 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
- 14.2 If the answer to 14.1 is yes, please provide the following:

GENERAL INTERROGATORIES (Continued)

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)

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes[] No[X]

16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes[] No[X]

FIVE-YEAR HISTORICAL DATA

	1 2018	2 2017	3 2016	4 2015	5 2014
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	112,687,646	75,365,153	75,215,779	81,342,072	64,017,278
2. TOTAL Liabilities (Page 3, Line 24)	52,715,458	31,792,136	43,336,078	41,791,261	43,728,419
3. Statutory minimum capital and surplus requirement	600,000	600,000	8,779,683	6,798,788	6,012,498
4. TOTAL Capital and Surplus (Page 3, Line 33)	59,972,190	43,573,017	31,879,701	39,550,811	20,288,859
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	206,395,796	197,579,684	214,833,104	205,847,620	159,762,626
6. TOTAL Medical and Hospital Expenses (Line 18)	153,476,545	160,610,354	207,179,223	161,114,190	137,595,312
7. Claims adjustment expenses (Line 20)	6,266,411	6,422,246	7,833,895	6,100,937	6,036,868
8. TOTAL Administrative Expenses (Line 21)	25,624,378	17,665,662	23,091,492	25,385,203	22,347,015
9. Net underwriting gain (loss) (Line 24)	21,028,462	12,881,422	(22,771,506)	12,747,290	(6,216,569)
10. Net investment gain (loss) (Line 27)	1,127,121	721,430	644,586	1,533,628	990,836
11. TOTAL Other Income (Lines 28 plus 29)		17,295			
12. Net income or (loss) (Line 32)	16,714,432	11,092,554	(18,252,832)	9,275,007	(5,225,733)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	36,953,408	7,538,328	(6,398,771)	1,479,271	4,599,058
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	59,972,190	43,573,017	31,879,701	39,550,811	20,288,859
15. Authorized control level risk-based capital	6,575,612	6,752,974	8,779,683	6,798,788	6,012,498
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	46,455	45,523	57,408	46,051	57,227
17. TOTAL Members Months (Column 6, Line 7)	563,061	545,128	646,778	588,387	518,147
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)	74.4	81.3	96.4	78.3	86.1
20. Cost containment expenses	1.8	1.7	2.2	2.2	2.6
21. Other claims adjustment expenses	1.3	1.5	1.4	0.8	1.2
22. TOTAL Underwriting Deductions (Line 23)	89.8	93.5	110.6	93.8	103.9
23. TOTAL Underwriting Gain (Loss) (Line 24)	10.2	6.5	(10.6)	6.2	(3.9)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	11,719,678	28,420,341	24,794,395	18,695,911	10,117,020
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	15,563,594	27,057,842	27,684,100	27,775,861	12,193,433
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		5,404	5,404	5,423	5,460
32. TOTAL of Above Lines 26 to 31	1,500,000	1,505,404	1,505,404	1,505,423	1,505,460
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 (a)	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	204,430,649			3,147,533		207,578,182		
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	204,430,649			3,147,533		207,578,182		
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	X X X	204,430,649			3,147,533		207,578,182		
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								

(a) Active Status Counts:

- L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG
- 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

1

R - Registered - Non-domiciled RRGs

Q - Qualified - Qualified or accredited reinsurer

56

Explanation of basis of allocation by state, premiums by state, etc.: There is no allocation.

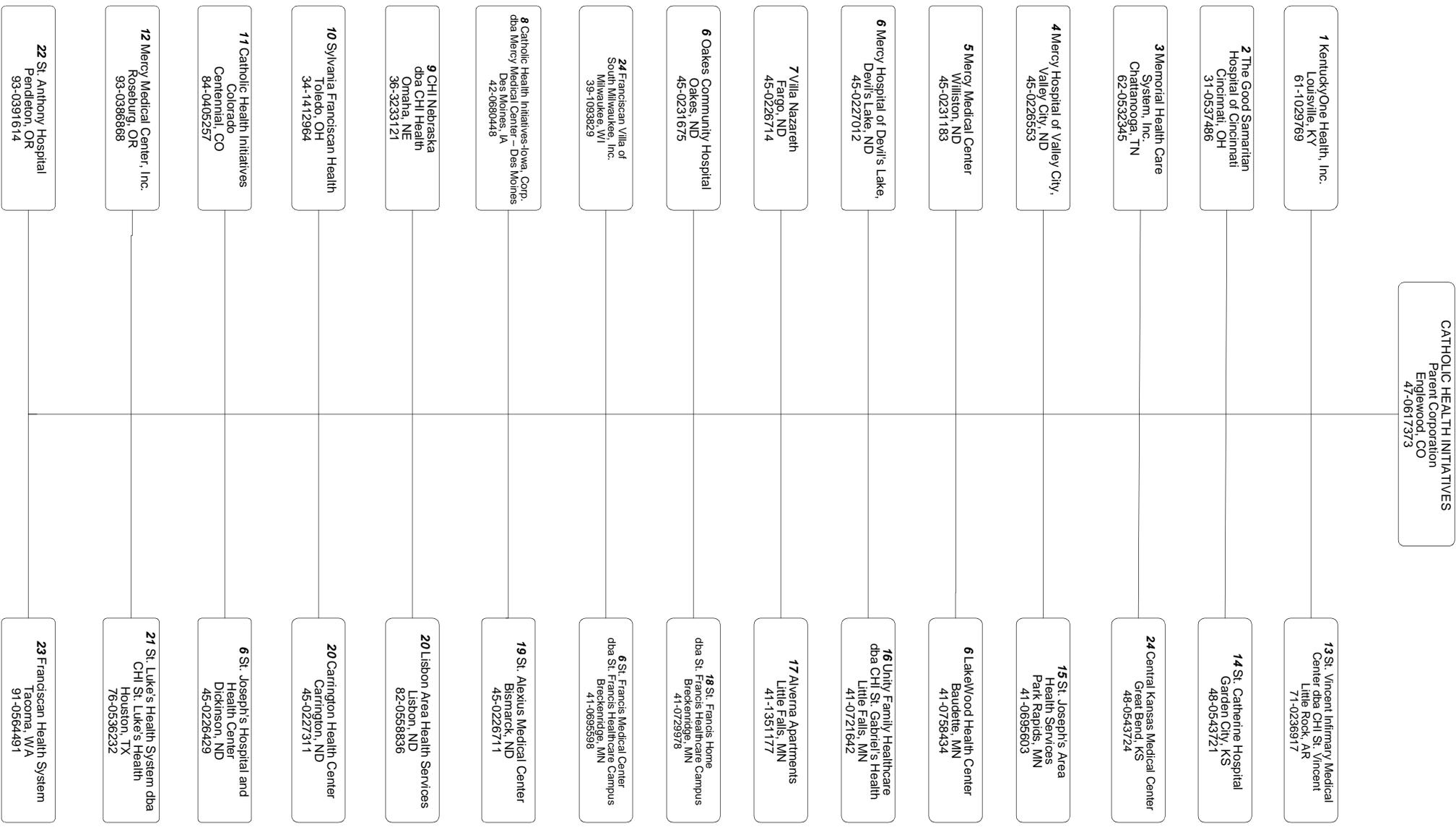
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

CATHOLIC HEALTH INITIATIVES ORGANIZATION CHART

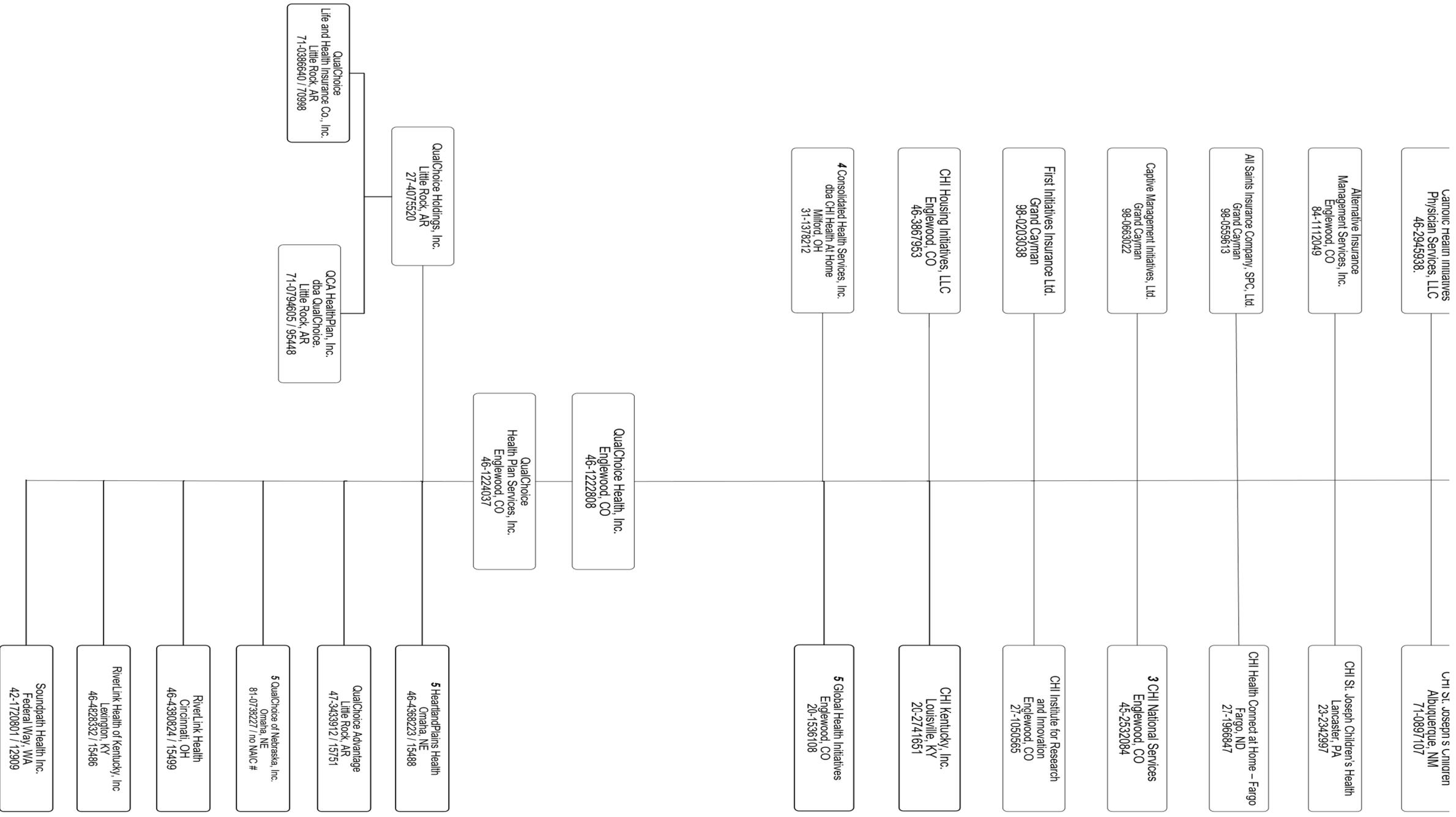
Wholly-owned or Controlled Hospitals / LTC Entities



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP PART 1 - ORGANIZATIONAL CHART

- 1 13 hospitals, 8 foundations, 6 physician groups & health service providers, ACO, 4 JV health service providers
- 2 hospital, school of nursing, foundation, JV rehab hospital, 6 JV health service providers; this entity is managed by JOA with CHI 50% & Bethesda Hospital, Inc. 50%.3 3 hospitals, foundation, 7 100% health service providers, 3 JV health service providers 4 single hospital, foundation, 1 assisted living JV
- 5 single hospital, foundation, medical retail store
- 6 single hospital, foundation
- 7 provides housing & services for developmentally disabled, 1 housing JV
- 8 4 hospitals, school of health sciences, clinics, 3 ACOs, foundation, JV rehab hospital, 3 100% & 4 JV health service providers; this entity is managed by JOA with CHI 50% & Trinity Health Corporation 50%.9 16 hospitals, 3 physician groups, clinics, 2 ACOs, 10 foundations, JV ortho hospital, 11 100% health service providers, 17 JV health service providers 10 8 hospitals, 1 JV rehab hospital, 15 LTC facilities, 3 foundations, medical group, 9 100% health service providers, 1 JV health service provider
- 11 9 hospitals, 1 JV ortho hospital, 1 JV LTACH hospital, 1 LTC facility, foundation, 9 100% health service providers, 21 JV health service providers; this entity is managed by JOA with CHI 65% & Adventist Health System 35%.
- 12 single hospital, 3 physician groups, foundation, clinic. JV health service provider
- 13 4 hospitals, ACO, foundation, 2 physician groups, clinics, 3 100% health service providers, 11 JV health service providers 14 2 hospitals, foundation, 1 JV health service provider
- 15 single hospital, 1 JV health service provider
- 16 single hospital, 1 JV medical office building
- 17 HUD housing
- 18 1 LTC facility, 1 senior housing facility
- 19 3 hospitals, ACO, 1 100% health service provider, 9 JV health service providers
- 20 single hospital
- 21 10 hospitals, 1 JV teaching hospital, ACO, 2 foundations, clinics, 3 physician groups, PHO, 17 100% health service providers, 10 JV health service providers 22 single hospital, foundation, 1 100% health service provider
- 23 9 hospitals, 1 JV rehab hospital, 2 foundations, 2 physician groups, ACO, 3 100% health service providers, 15 JV health service providers 24 Inactive

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP PART 1 - ORGANIZATIONAL CHART



**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART**

- 1 CHI owns/controls multiple health-care related organizations including: hospitals, physician groups and other health service providers, foundations, educational organizations, among others.
- 2 This entity is a holding company which owns 100% 1 non-hospital/LTC subsidiary.
- 3 This entity controls 3 100% subsidiaries & is participant in 1 50/50 JV providing home nursing.
- 4 This entity owns 3 100% subsidiaries & is participant in 10 JVs providing home nursing, DME & transportation.5 Inactive

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