



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2018
OF THE CONDITION AND AFFAIRS OF THE

SilverScript Insurance Company

NAIC Group Code 0001 4667 NAIC Company Code 12575 Employer's ID Number 20-2833904
(Current) (Prior)

Organized under the Laws of Tennessee, State of Domicile or Port of Entry TN

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health

Is HMO Federally Qualified? Yes [] No [X]

Incorporated/Organized 05/11/2005 Commenced Business 01/01/2006

Statutory Home Office 445 Great Circle Road, Nashville, TN, US 37228
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 445 Great Circle Road
(Street and Number)
Nashville, TN, US 37228, 615-743-6600
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 445 Great Circle Road, Nashville, TN, US 37228
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 445 Great Circle Road
(Street and Number)
Nashville, TN, US 37228, 615-743-6600
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.silverscript.com

Statutory Statement Contact Xiaoqi Glenn Wang, 401-770-9669
(Name) (Area Code) (Telephone Number)
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(E-mail Address) (FAX Number)

OFFICERS

President Todd Dean Meek Secretary Michele Wugalter Buchanan
Treasurer Daniel Lee Zablocki Actuary Rebecca Conway Justice

OTHER

DIRECTORS OR TRUSTEES

Harold Neil Lund Todd Dean Meek Marsha Carolyn Moore
Mary Kristina Meyer David Scott Azzolina

State of _____ SS:
County of _____

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

Todd Dean Meek
President

Michele Wugalter Buchanan
Secretary

Daniel Lee Zablocki
Treasurer

Subscribed and sworn to before me this _____ day of _____

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

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

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)	3,192,410	500,693	2,691,717	2,329,724
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$			0	0
encumbrances)				
4.2 Properties held for the production of income (less				
\$			0	0
encumbrances)				
4.3 Properties held for sale (less \$			0	0
encumbrances)				
5. Cash (\$				
(8,136,644), Schedule E - Part 1), cash equivalents				
(\$				
131,642,088, Schedule E - Part 2) and short-term				
investments (\$	123,505,444		123,505,444	157,463,945
, Schedule DA)				
6. Contract loans, (including \$			0	0
premium notes)				
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)			0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	126,697,854	500,693	126,197,161	159,793,669
13. Title plants less \$			0	0
charged off (for Title insurers				
only)				
14. Investment income due and accrued	734,275		734,275	265,677
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	53,514,355	28,349,380	25,164,975	27,103,840
15.2 Deferred premiums and agents' balances and installments booked but				
deferred and not yet due (including \$			0	0
earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$				
) and				
contracts subject to redetermination (\$	35,996,601		35,996,601	3,698,136
35,996,601)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies	112,646,924		112,646,924	127,992,947
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	1,020,288,517	54,186	1,020,234,331	1,025,540,071
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset	36,442,777	2,524,608	33,918,169	24,926,112
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets				
(\$			0	0
)				
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	598,750,979	266,059	598,484,920	207,606,664
24. Health care (\$				
523,029,620) and other amounts receivable	418,423,697		418,423,697	498,464,936
25. Aggregate write-ins for other than invested assets	171,942	171,942	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and				
Protected Cell Accounts (Lines 12 to 25)	2,403,667,921	31,866,868	2,371,801,053	2,075,392,052
27. From Separate Accounts, Segregated Accounts and Protected Cell				
Accounts			0	0
28. Total (Lines 26 and 27)	2,403,667,921	31,866,868	2,371,801,053	2,075,392,052
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Prepaid Expenses	171,942	171,942	0	0
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	171,942	171,942	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 3,514,673 reinsurance ceded)	7,450,339		7,450,339	4,960,450
2. Accrued medical incentive pool and bonus amounts	40,000		40,000	710,346
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Service Act	53,060,616		53,060,616	34,277,266
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	28,899,450		28,899,450	18,344,169
9. General expenses due or accrued	5,668,005		5,668,005	7,209,211
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	36,251,533		36,251,533	82,012,440
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	25,520,020		25,520,020	62,884,527
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ 25,027,720 authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)	25,027,720		25,027,720	27,317,370
20. Reinsurance in unauthorized and certified (\$) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	1,191,039,519		1,191,039,519	872,091,016
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	1,372,957,202	0	1,372,957,202	1,109,806,795
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	60,000,000
26. Common capital stock	XXX	XXX	2,750,000	2,750,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	124,750,000	124,750,000
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	871,343,851	778,085,257
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	998,843,851	965,585,257
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	2,371,801,053	2,075,392,052
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0	0
2501. Section 9010 Special Surplus	XXX	XXX		60,000,000
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	60,000,000
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	58,090,814	54,092,424
2. Net premium income (including \$ non-health premium income)	XXX	2,679,597,094	2,633,698,155
3. Change in unearned premium reserves and reserve for rate credits	XXX	13,515,116	229,328,608
4. Fee-for-service (net of \$ medical expenses)	XXX	0	
5. Risk revenue	XXX	0	
6. Aggregate write-ins for other health care related revenues	XXX	27,390,133	17,273,278
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	2,720,502,343	2,880,300,041
Hospital and Medical:			
9. Hospital/medical benefits		0	
10. Other professional services		0	
11. Outside referrals		0	
12. Emergency room and out-of-area		0	
13. Prescription drugs		2,805,215,985	2,814,618,657
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		209,901	146,417
16. Subtotal (Lines 9 to 15)	0	2,805,425,886	2,814,765,074
Less:			
17. Net reinsurance recoveries		551,840,212	561,702,579
18. Total hospital and medical (Lines 16 minus 17)	0	2,253,585,674	2,253,062,495
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$25,176,889 cost containment expenses		81,330,769	93,058,728
21. General administrative expenses		331,858,127	239,168,857
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		0	0
23. Total underwriting deductions (Lines 18 through 22).....	0	2,666,774,570	2,585,290,080
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	53,727,773	295,009,961
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		12,504,114	5,177,847
26. Net realized capital gains (losses) less capital gains tax of \$		58,090	(192,048)
27. Net investment gains (losses) (Lines 25 plus 26)	0	12,562,204	4,985,799
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$206,828) (amount charged off \$ (1,980,948))]		(1,774,120)	(3,732,443)
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	64,515,857	296,263,317
31. Federal and foreign income taxes incurred	XXX	36,253,223	82,012,441
32. Net income (loss) (Lines 30 minus 31)	XXX	28,262,634	214,250,876
DETAILS OF WRITE-INS			
0601. Enhanced Medication Therapy Management (eMTM) revenue from CMS	XXX	27,390,133	17,273,278
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	27,390,133	17,273,278
0701.	XXX		0
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.			0
1402.			0
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901.			0
2902.			0
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	965,585,257	799,162,780
34. Net income or (loss) from Line 32.....	28,262,634	214,250,876
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....		
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	8,800,621	(34,209,170)
39. Change in nonadmitted assets.....	(3,804,662)	(13,619,229)
40. Change in unauthorized and certified reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in.....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....	0	0
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.....	1	0
48. Net change in capital and surplus (Lines 34 to 47).....	33,258,594	166,422,477
49. Capital and surplus end of reporting period (Line 33 plus 48)	998,843,851	965,585,257
DETAILS OF WRITE-INS		
4701. Rounding.....	1	0
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	1	0

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	2,686,568,211	2,613,587,072
2. Net investment income	12,073,760	5,216,795
3. Miscellaneous income	27,390,133	17,273,278
4. Total (Lines 1 through 3)	2,726,032,104	2,636,077,145
5. Benefit and loss related payments	2,171,724,892	2,465,128,123
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	505,950,982	1,201,816,775
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	82,014,129	121,129,146
10. Total (Lines 5 through 9)	2,759,690,003	3,788,074,044
11. Net cash from operations (Line 4 minus Line 10)	(33,657,899)	(1,151,996,899)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	795,507	640,000
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	2,904,320
12.8 Total investment proceeds (Lines 12.1 to 12.7)	795,507	3,544,320
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,096,109	2,319,025
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,096,109	2,319,025
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(300,602)	1,225,295
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	0	0
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	0	0
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)	(33,958,501)	(1,150,771,604)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	157,463,945	1,308,235,549
19.2 End of year (Line 18 plus Line 19.1)	123,505,444	157,463,945

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

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ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
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	2,679,597,094								2,679,597,094	
2. Change in unearned premium reserves and reserve for rate credit	13,515,116								13,515,116	
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	27,390,133	0	0	0	0	0	0	0	27,390,133	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	2,720,502,343	0	0	0	0	0	0	0	2,720,502,343	0
8. Hospital/medical benefits	0									XXX
9. Other professional services	0									XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	0									XXX
12. Prescription drugs	2,805,215,985								2,805,215,985	XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	209,901								209,901	XXX
15. Subtotal (Lines 8 to 14)	2,805,425,886	0	0	0	0	0	0	0	2,805,425,886	XXX
16. Net reinsurance recoveries	551,840,212								551,840,212	XXX
17. Total medical and hospital (Lines 15 minus 16)	2,253,585,674	0	0	0	0	0	0	0	2,253,585,674	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 25,176,889 cost containment expenses	81,330,769								81,330,769	
20. General administrative expenses	331,858,127								331,858,127	
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	2,666,774,570	0	0	0	0	0	0	0	2,666,774,570	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	53,727,773	0	0	0	0	0	0	0	53,727,773	0
DETAILS OF WRITE-INS										
0501. Enhanced Medication Therapy Management (eMTM) revenue from CMS	27,390,133								27,390,133	XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	27,390,133	0	0	0	0	0	0	0	27,390,133	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	0			0
7. Title XIX - Medicaid	0			0
8. Other health	3,348,767,453	(102,714)	669,067,645	2,679,597,094
9. Health subtotal (Lines 1 through 8)	3,348,767,453	(102,714)	669,067,645	2,679,597,094
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	3,348,767,453	(102,714)	669,067,645	2,679,597,094

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

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	2,702,349,286								2,702,349,286	
1.2 Reinsurance assumed	(184,222)								(184,222)	
1.3 Reinsurance ceded	551,330,730								551,330,730	
1.4 Net	2,150,834,334	0	0	0	0	0	0	0	2,150,834,334	0
2. Paid medical incentive pools and bonuses	880,247								880,247	
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	8,462,012	0	0	0	0	0	0	0	8,462,012	0
3.2 Reinsurance assumed	2,503,000	0	0	0	0	0	0	0	2,503,000	0
3.3 Reinsurance ceded	3,514,673	0	0	0	0	0	0	0	3,514,673	0
3.4 Net	7,450,339	0	0	0	0	0	0	0	7,450,339	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	40,000								40,000	
6. Net healthcare receivables (a)	(100,051,550)								(100,051,550)	
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	5,646,863	0	0	0	0	0	0	0	5,646,863	0
8.2 Reinsurance assumed	2,503,000	0	0	0	0	0	0	0	2,503,000	0
8.3 Reinsurance ceded	3,189,413	0	0	0	0	0	0	0	3,189,413	0
8.4 Net	4,960,450	0	0	0	0	0	0	0	4,960,450	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	710,346								710,346	
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred Benefits:										
12.1 Direct	2,805,215,985	0	0	0	0	0	0	0	2,805,215,985	0
12.2 Reinsurance assumed	(184,222)	0	0	0	0	0	0	0	(184,222)	0
12.3 Reinsurance ceded	551,655,990	0	0	0	0	0	0	0	551,655,990	0
12.4 Net	2,253,375,773	0	0	0	0	0	0	0	2,253,375,773	0
13. Incurred medical incentive pools and bonuses	209,901	0	0	0	0	0	0	0	209,901	0

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

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & 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	99,919								99,919	
1.2 Reinsurance assumed	2,503,000								2,503,000	
1.3 Reinsurance ceded	2,503,000								2,503,000	
1.4 Net	99,919	0	0	0	0	0	0	0	99,919	0
2. Incurred but Unreported:										
2.1 Direct	8,362,093								8,362,093	
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	1,011,673								1,011,673	
2.4 Net	7,350,420	0	0	0	0	0	0	0	7,350,420	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	8,462,012	0	0	0	0	0	0	0	8,462,012	0
4.2 Reinsurance assumed	2,503,000	0	0	0	0	0	0	0	2,503,000	0
4.3 Reinsurance ceded	3,514,673	0	0	0	0	0	0	0	3,514,673	0
4.4 Net	7,450,339	0	0	0	0	0	0	0	7,450,339	0

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid					0	0
8. Other health	(499,994,176)	2,670,838,821	3,403,647	4,046,692	(496,590,529)	4,960,451
9. Health subtotal (Lines 1 to 8)	(499,994,176)	2,670,838,821	3,403,647	4,046,692	(496,590,529)	4,960,451
10. Healthcare receivables (a)		418,423,696			0	498,464,936
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	870,247	10,000		40,000	870,247	710,346
13. Totals (Lines 9 - 10 + 11 + 12)	(499,123,929)	2,252,425,125	3,403,647	4,086,692	(495,720,282)	(492,794,139)

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

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	131,129	122,505	120,591	123,077	131,185
2.	2014	1,939,436	2,004,054	2,012,251	1,993,741	2,002,156
3.	2015	XXX	1,698,701	1,679,596	1,667,518	1,664,081
4.	2016	XXX	XXX	1,817,099	1,792,247	1,784,498
5.	2017	XXX	XXX	XXX	2,311,010	2,305,014
6.	2018	XXX	XXX	XXX	XXX	2,252,425

Section B - Incurred Health Claims - Other

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	165,527	132,865	121,462	123,529	131,234
2.	2014	2,034,743	2,011,641	2,013,515	1,994,341	2,002,166
3.	2015	XXX	1,742,595	1,683,083	1,668,586	1,664,333
4.	2016	XXX	XXX	1,822,141	1,792,953	1,785,181
5.	2017	XXX	XXX	XXX	2,313,855	2,307,424
6.	2018	XXX	XXX	XXX	XXX	2,256,512

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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	2,516,234	2,002,156	165,697	8.3	2,167,853	86.2	59	0	2,167,912	86.2
2. 2015	2,337,345	1,664,081	125,388	7.5	1,789,469	76.6	252	0	1,789,721	76.6
3. 2016	2,483,618	1,784,498	125,338	7.0	1,909,836	76.9	683	0	1,910,519	76.9
4. 2017	2,863,027	2,305,014	91,057	4.0	2,396,071	83.7	2,410	0	2,398,481	83.8
5. 2018	2,693,112	2,252,425	73,431	3.3	2,325,856	86.4	4,087	0	2,329,943	86.5

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ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	131,129	122,505	120,591	123,077	131,185
2.	2014	1,939,436	2,004,054	2,012,251	1,993,741	2,002,156
3.	2015	XXX	1,698,701	1,679,596	1,667,518	1,664,081
4.	2016	XXX	XXX	1,817,099	1,792,247	1,784,498
5.	2017	XXX	XXX	XXX	2,311,010	2,305,014
6.	2018	XXX	XXX	XXX	XXX	2,252,425

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2014	2 2015	3 2016	4 2017	5 2018
1.	Prior	165,527	132,865	121,462	123,529	131,234
2.	2014	2,034,743	2,011,641	2,013,515	1,994,341	2,002,166
3.	2015	XXX	1,742,595	1,683,083	1,668,586	1,664,333
4.	2016	XXX	XXX	1,822,141	1,792,953	1,785,181
5.	2017	XXX	XXX	XXX	2,313,855	2,307,424
6.	2018	XXX	XXX	XXX	XXX	2,256,512

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	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	2,516,234	2,002,156	165,697	8.3	2,167,853	86.2	59	0	2,167,912	86.2
2. 2015	2,337,345	1,664,081	125,388	7.5	1,789,469	76.6	252	0	1,789,721	76.6
3. 2016	2,483,618	1,784,498	125,338	7.0	1,909,836	76.9	683	0	1,910,519	76.9
4. 2017	2,863,027	2,305,014	91,057	4.0	2,396,071	83.7	2,410	0	2,398,481	83.8
5. 2018	2,693,112	2,252,425	73,431	3.3	2,325,856	86.4	4,087	0	2,329,943	86.5

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ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	0								
2. Additional policy reserves (a)	0								
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including \$) for investment income	61,791,616								61,791,616
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	61,791,616	0	0	0	0	0	0	0	61,791,616
7. Reinsurance ceded	8,731,000								8,731,000
8. Totals (Net)(Page 3, Line 4)	53,060,616	0	0	0	0	0	0	0	53,060,616
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$0 premium deficiency reserve.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

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 (\$ for occupancy of own building)					0
2. Salary, wages and other benefits			25,000		25,000
3. Commissions (less \$ ceded plus \$ assumed)			82,741,711		82,741,711
4. Legal fees and expenses					0
5. Certifications and accreditation fees			75,000		75,000
6. Auditing, actuarial and other consulting services			500,004		500,004
7. Traveling expenses					0
8. Marketing and advertising					0
9. Postage, express and telephone					0
10. Printing and office supplies			68,202		68,202
11. Occupancy, depreciation and amortization					0
12. Equipment					0
13. Cost or depreciation of EDP equipment and software					0
14. Outsourced services including EDP, claims, and other services	2,357,643	680	2,088,062		4,446,385
15. Boards, bureaus and association fees					0
16. Insurance, except on real estate					0
17. Collection and bank service charges			4,614		4,614
18. Group service and administration fees					0
19. Reimbursements by uninsured plans	(9,057,647)	(21,738,353)	(75,831,462)		(106,627,462)
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			3,026,406		3,026,406
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees			592,030		592,030
23.4 Payroll taxes					0
23.5 Other (excluding federal income and real estate taxes)			70,198,867		70,198,867
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	31,876,893	77,891,553	248,369,693	0	358,138,139
26. Total expenses incurred (Lines 1 to 25)	25,176,889	56,153,880	331,858,127	0	(a) 413,188,896
27. Less expenses unpaid December 31, current year			5,668,005		5,668,005
28. Add expenses unpaid December 31, prior year			7,209,211		7,209,211
29. Amounts receivable relating to uninsured plans, prior year	851,135	1,709,607	4,781,843		7,342,585
30. Amounts receivable relating to uninsured plans, current year	787,699	1,890,477	6,594,688		9,272,864
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	25,113,453	56,334,750	335,212,178	0	416,660,381
DETAILS OF WRITE-INS					
2501. Related party PBM Management fees	38,304,123	92,226,681	321,352,230		451,883,034
2502. CMS fees			10,799,804		10,799,804
2503. Reinsurance Expense ceded-related party	(6,427,230)	(14,335,128)	(83,782,341)		(104,544,699)
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	31,876,893	77,891,553	248,369,693	0	358,138,139

(a) Includes management fees of \$ 451,883,034 to affiliates and \$ to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds	(a) 48,845	45,647
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 259	(41,607)
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) 12,030,769	12,500,074
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	12,079,873	12,504,114
11. Investment expenses		(g) 0
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 0
14. Depreciation on real estate and other invested assets		(i) 0
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		0
17. Net investment income (Line 10 minus Line 16)		12,504,114
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 4,201 accrual of discount less \$ 579 amortization of premium and less \$ 5,593 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	0	0	0	0	0
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	227,417	(169,327)	58,090	0	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	227,417	(169,327)	58,090	0	0
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

EXHIBIT OF NON-ADMITTED 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)	500,693	500,372	(321)
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	500,693	500,372	(321)
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued		41,866	41,866
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	28,349,380	24,600,470	(3,748,910)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums and contracts subject to redetermination			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans	54,186	84,087	29,901
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	2,524,608	2,716,044	191,436
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivable from parent, subsidiaries and affiliates	266,059		(266,059)
24. Health care and other amounts receivable			0
25. Aggregate write-ins for other than invested assets	171,942	119,367	(52,575)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	31,866,868	28,062,206	(3,804,662)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. Total (Lines 26 and 27)	31,866,868	28,062,206	(3,804,662)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Prepaid expenses	171,942	119,367	(52,575)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	171,942	119,367	(52,575)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	4,519,889	4,848,387	4,793,234	4,850,145	4,868,345	58,090,814
7. Total	4,519,889	4,848,387	4,793,234	4,850,145	4,868,345	58,090,814
DETAILS OF WRITE-INS						
0601. Medicare Part D	4,519,889	4,848,387	4,793,234	4,850,145	4,868,345	58,090,814
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	4,519,889	4,848,387	4,793,234	4,850,145	4,868,345	58,090,814

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

SilverScript Insurance Company (the “Company”), a Tennessee domiciled insurance company, is a wholly owned subsidiary of Part D Holding Company, L.L.C. (the “Parent”), and a wholly owned indirect subsidiary of CVS Health Corporation (the “Ultimate Parent”). The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance (the “Department”).

The Department recognizes only statutory accounting practices prescribed or permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under Tennessee Insurance Law. The National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the State of Tennessee.

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

<u>NET INCOME:</u>	<u>SSAP#</u>	<u>F/S Page</u>	<u>F/S Line#</u>	<u>Year Ending December 31, 2018</u>	<u>Year Ending December 31, 2017</u>
(1) SilverScript State Basis (Page 4, Line 32, Column 2 & 4)				\$ 28,262,634	\$ 214,250,876
(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)				\$ 28,262,634	\$ 214,250,876
<u>SURPLUS:</u>				<u>December 31, 2018</u>	<u>December 31, 2017</u>
(5) SilverScript State Basis (Page 3, Line 33, Column 3 & 4)				\$ 998,843,851	\$ 965,585,257
(6) State Prescribed Practices that increase (decrease) NAIC SAP					
(7) State Permitted Practices that increase (decrease) NAIC SAP					
	4	2-Assets	1	(500,693)	(500,372)
(8) NAIC SAP (5-6-7=8)				\$ 999,344,544	\$ 966,085,629

The Company owns a U.S Treasury bond as a special deposit with the U.S. territory of Puerto Rico. Based on Tennessee Code Ann. §56-1-405, the Company is required to non-admit special deposits held for the benefit of a specific state’s policyholders to the extent that the deposit exceeds liabilities associated with that state’s policyholders. Accordingly, the Company non-admitted its special deposit with Puerto Rico of \$501 thousand and \$500 thousand as of December 31, 2018 and 2017, respectively.

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

The preparation of financial statements in conformity with the *Annual Statement Instructions* and Statutory Accounting Principles requires management to make estimates and assumptions that affect amounts reported on the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein. 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.

C. Accounting Policy

The Company has adopted accounting policies with respect to particular accounts or transactions which could materially affect its assets, liabilities, capital and surplus or results of operations as follows:

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

1. Summary of Significant Accounting Policies and Going Concern (continued)

- (1) Short-term investments, including bonds with an original purchase maturity date of less than one year but greater than three months, are stated at amortized cost using the straight-line method of amortization on premiums or discounts. Cash Equivalents include money market holdings that are stated at fair value, and bonds with an original purchase maturity date of less than three months that are stated at amortized cost using the straight-line method of amortization on premiums or discounts and are classified as cash equivalents.
- (2) Bonds with an original purchase maturity date greater than one year are stated at amortized cost using the straight-line method of amortization on premiums or discounts. For the years ending December 31, 2017 and 2018, the Company recognized a capital loss of \$169 thousand and \$192 thousand, respectively, as a result of the impairments of the Puerto Rico bonds. For the year ending December 31, 2018, the Company also recognized a capital gain of \$227 thousand related to a callback of impaired Puerto Rico bond.
- (3) As of December 31, 2018 and 2017, the Company had 10.0 million shares, (\$1 par), of Class A common capital stock authorized, and 2.75 million of such shares issued and outstanding.
- (4) Preferred Stocks: None
- (5) Mortgage Loans: None
- (6) Loan-backed Securities: None
- (7) Investment in Subsidiaries, Controlled and Affiliated Companies: None
- (8) Joint Ventures, Partnerships, and Limited Liability Companies: None
- (9) Derivatives: None
- (10) The Company does not utilize anticipated investment income as a factor in determining premium deficiencies.
- (11) The Company has recorded estimates of incurred but not reported claims for claims paid by external entities and subsequently billed to the Company such as claims paid by state pharmaceutical assistance programs and for paper claims. Incurred but not reported claims are estimated based on historical experience.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) Amounts recorded in the Company's financial statements for pharmaceutical rebates are determined based on the amounts CVS Caremark Part D Services, L.L.C. ("Part D Services"), an affiliate of the Parent Company, expects to collect from various pharmaceutical manufacturers.

D. Going Concern: Not Applicable

2. Accounting Changes and Corrections of Errors

Accounting Changes: There were no changes during the year ending December 31, 2018. Due to the revisions in SSAP No. 2R – *Cash, Cash Equivalents, Drafts, and Short-Term Investments*, starting with 2017 annual statement reporting, money market mutual funds were reported as cash equivalents on Schedule E, Part 2.

Corrections of Errors: None

3. Business Combinations and Goodwill

- A. Statutory Purchase Method: None
- B. Statutory Merger: None
- C. Assumption Reinsurance: None
- D. Impairment Loss: None

4. Discontinued Operations

None

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans: None
- B. Debt Restructuring: None
- C. Reverse Mortgages: None
- D. Loan Backed Securities: None
- E. Dollar Repurchase Agreements and/or Securities Lending Transactions: None
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing: None
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing: None

Notes to Financial Statement**5. Investments (continued)**

- H. Repurchase Agreements Transactions Accounted for as a Sale: None
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale: None
- J. Real Estate: None
- K. Low-Income Housing Tax Credits (“LIHTC”): None
- L. Restricted Assets:

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase/(Decrease) (1 minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets	7 Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.000 %	0.000 %
b. Collateral held under security lending agreements	0	0	0	0	0	0.000	0.000
c. Subject to repurchase agreements	0	0	0	0	0	0.000	0.000
d. Subject to reverse repurchase agreements	0	0	0	0	0	0.000	0.000
e. Subject to dollar repurchase agreements	0	0	0	0	0	0.000	0.000
f. Subject to dollar reverse repurchase agreements	0	0	0	0	0	0.000	0.000
g. Placed under option contracts	0	0	0	0	0	0.000	0.000
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	0	0	0	0	0	0.000	0.000
i. FHLB capital stock	0	0	0	0	0	0.000	0.000
j. On deposit with states	3,346,722	3,436,023	(89,301)	0	3,346,722	0.140	0.142
k. On deposit with other regulatory bodies	500,693	500,372	321	500,693	0	0.021	0.000
l. Pledged collateral to FHLB (including assets backing funding agreements)	0	0	0	0	0	0.000	0.000
m. Pledged as collateral not captured in other categories	0	0	0	0	0	0.000	0.000
n. Other restricted assets	0	0	0	0	0	0.000	0.000
o. Total Restricted Assets	\$ 3,847,415	\$ 3,936,395	\$ (88,980)	\$ 500,693	\$ 3,346,722	0.161%	0.142%

(2) Detail of Assets Pledged as Collateral Not Captured in Other categories: None

(3) Detail of Other Restricted Assets: None

(4) Collateral received and reflected as assets within the reporting entity’s financial statements: None

- M. Working Capital Finance Investments: None
- N. Offsetting and Netting of Assets and Liabilities: None
- O. Structured Notes: None
- P. 5GI Securities: None
- Q. Short Sales: None

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

5. **Investments (continued)**

R. Prepayment Penalty and Acceleration Fees: None

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 periods.

7. **Investment Income**

A. Due and accrued income was excluded from surplus on the following basis:

All investment income due and accrued with amounts over 90 days past due are excluded from surplus.

B. The total amount excluded was: None

8. **Derivative Instruments**

None

9. **Income Taxes**

A. Components of deferred tax assets (DTAs) and deferred tax liabilities (DTLs):

(1) DTA/DTL Components

Description	2018 Ordinary	2017 Ordinary	Change Ordinary
(a) Gross deferred tax assets	\$ 36,520,693	\$ 27,722,267	\$ 8,798,426
(b) Statutory valuation allowance adjustment	-	-	-
(c) Adjusted gross deferred tax assets	36,520,693	27,722,267	8,798,426
(d) Adjusted gross deferred tax assets non-admitted	(2,524,608)	(2,716,044)	191,436
(e) Sub-total admitted adjusted gross deferred tax asset	33,996,085	25,006,223	8,989,862
(f) Gross deferred tax liabilities	(77,916)	(80,111)	2,195
(g) Net admitted deferred tax asset/(liability)	<u>\$ 33,918,169</u>	<u>\$ 24,926,112</u>	<u>\$ 8,992,057</u>

(2) Admission calculation components:

Description	2018 Ordinary	2017 Ordinary	Change Ordinary
Admission calculation under ¶11.a.-¶11.c.			
(a) Admitted pursuant to ¶11.a. (loss carrybacks)	\$ 33,918,169	\$ 24,926,112	\$ 8,992,057
(b) Admitted pursuant to ¶11.b. (Realization)	-	-	-
Realization per ¶11.b.i.	-	-	-
Limitation per ¶11.b.ii.	146,183,101	137,573,431	8,609,670
(c) Admitted pursuant to ¶11.c.	77,916	80,111	(2,195)
Deferred tax liabilities	(77,916)	(80,111)	2,195
(d) Total admitted adjusted gross deferred tax asset	<u>\$ 33,996,085</u>	<u>\$ 25,006,223</u>	<u>\$ 8,989,862</u>

(3) Used in ¶11.b

(a) Applicable ratio for realization limitation threshold table 1,121.32% and 1,356.15% for 2018 and 2017, respectively.

(4) There is no impact of tax planning strategies on adjusted gross DTAs and net admitted DTAs.

B. The Company does not have any unrecorded DTLs

C. Significant components of income taxes incurred.

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

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

9. **Income Taxes (continued)**

Description	2018	2017
(a) Current federal income tax expense / (benefit)	\$ 36,251,533	\$ 82,012,441
(b) Foreign Income tax expense / (benefit)	-	-
(c) Subtotal	36,251,533	82,012,441
(d) Tax expense / (benefit) on realized capital gains / (losses)	-	-
(e) Utilization of capital loss carryforwards	-	-
(f) Other, including prior year underaccrual (overaccrual)	1,690	-
(g) Federal and foreign income taxes incurred	<u>\$ 36,253,223</u>	<u>\$ 82,012,441</u>

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

(2) DTAs Resulting From

Book/Tax Differences In	December 31, 2018	December 31, 2017	Change
(a) Ordinary			
(1) Discounting of unpaid losses and LAE	\$ 24,032	\$ 7,522	\$ 16,510
(2) Unearned premiums	1,213,777	770,455	443,322
(3) Intangibles	3,384,333	3,656,790	(272,456)
(4) Allowance-Manufacturer	25,692,718	17,728,206	7,964,512
(5) Nonadmitted Assets	6,161,874	5,322,694	839,180
(6) Net operating loss carryforward	-	-	-
(7) Accrued Medical Incentive Pool	8,400	149,173	(140,773)
Subtotal - Gross ordinary DTAs	\$ 36,485,134	\$ 27,634,839	\$ 8,850,295
Statutory valuation adjustment adjustment - ordinary (-)	-	-	-
(c) Nonadmitted ordinary DTAs (-)	<u>(2,489,050)</u>	<u>(2,628,617)</u>	<u>139,567</u>
(d) Admitted ordinary DTAs	\$ 33,996,085	\$ 25,006,223	\$ 8,989,862
(e) Capital			
(1) Investments	\$ 35,559	\$ 87,428	\$ (51,869)
Gross Capital DTAs	35,559	87,428	(51,869)
(f) Statutory valuation adjustment	-	-	-
(g) Nonadmitted capital DTAs (-)	(35,559)	(87,428)	51,869
(h) Admitted capital DTAs	-	-	-
Admitted DTAs	<u>\$ 33,996,085</u>	<u>\$ 25,006,223</u>	<u>\$ 8,989,862</u>

(3) DTLs Resulting From

Book/Tax Differences In	December 31, 2018	December 31, 2017	Change
(a) Ordinary			
(1) Goodwill	\$ (70,497)	\$ (80,111)	\$ 9,613
(5) Other (including items <5% of total Ordinary tax liabilities)	\$ (7,419)	\$ -	\$ (7,419)
(99) Ordinary DTLs	\$ (77,916)	\$ (80,111)	\$ 2,195
(c) DTLs	\$ (77,916)	\$ (80,111)	\$ 2,195
(4) Net deferred tax assets/liabilities	<u>\$ 33,918,169</u>	<u>\$ 24,926,112</u>	<u>\$ 8,992,057</u>

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of non-admitted assets as the Change in Non-admitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

9. Income Taxes (continued)

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>Bal. Sheet</u> <u>Change</u>
Total deferred tax assets	\$ 36,520,693	\$ 27,722,267	\$ 8,798,426
Total deferred tax liabilities	<u>(77,916)</u>	<u>(80,111)</u>	<u>\$ 2,195</u>
Net deferred tax assets/liabilities	\$ 36,442,777	\$ 27,642,156	\$ 8,800,621
Statutory valuation allowance adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Net deferred tax assets/liabilities after SVA	<u>\$ 36,442,777</u>	<u>\$ 27,642,156</u>	<u>\$ 8,800,621</u>
Tax effect of unrealized gains/(losses)			-
Statutory valuation allowance adjustment allocated to unrealized (+)			-
Other intra-period allocation of deferred tax movement			-
Change in net deferred income tax (charge)/benefit			<u>\$ 8,800,621</u>

D. Reconciliation of total statutory income taxes reported to tax at statutory tax rate:

The provisions for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes including realized capital gains/losses.

The significant items causing this difference are as follows:

<u>Description</u>	<u>Amount</u>	<u>Statutory</u> <u>21%</u> <u>Tax Effect</u>	<u>Effective</u> <u>Tax</u> <u>Rate</u>
Income Before Taxes (including all realized capital gains / (losses))	\$64,515,858	\$ 13,548,330	21.00%
ACA fee	70,198,867	14,741,762	22.85%
Tax-Exempt Interest	-	-	0.00%
Dividends Received Deduction	-	-	-
Meals & Entertainment, Lobbying Expenses, etc.	-	-	-
Statutory Valuation Allowance Adjustment	-	-	-
Foreign tax rate differential	-	-	-
Change in Tax Rate	-	-	-
Impact of Non-Admitted Assets	(3,996,097)	(839,180)	-1.30%
Other, Including Prior Year True-Up	8,046	1,690	0.00%
Total	<u>\$130,726,674</u>	<u>\$ 27,452,602</u>	<u>42.55%</u>
Federal income taxed incurred expense/(benefit)		36,253,223	56.19%
Change in net deferred income tax charge/(benefit)		<u>(8,800,621)</u>	<u>-13.64%</u>
Total statutory income taxes		<u>\$ 27,452,602</u>	<u>42.55%</u>

E. Carryforwards, recoverable taxes, and IRC §6603 deposits:

The Company has no net operating losses, capital loss carryforwards or AMT credit carryforwards.

The income tax expense for 2018 and 2017 that is available for recoupment in the event of future net losses is \$36,251,533 and \$82,014,130

No deposits are admitted under IRC §6603.

F. Income tax loss contingencies

The Company does not have any income tax loss contingencies

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

The Company's federal income tax return is consolidated with that of the CVS Health Corporation and subsidiaries. The Company has a written tax sharing agreement with CVS Health Corporation, and its allocation of CVS Health Corporation's federal income taxes is based on the Company's federal tax liability determined as if the Company were filing its own separate tax return each year. The Company's tax sharing agreement with CVS Health provides that CVS Health will pay SilverScript for its net operating losses to the extent that such net operating loss is utilized in the reduction of the consolidated federal income tax liability.

H. Repatriation Transition Tax

I. Alternative Minimum Tax (AMT) Credit

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

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

- A., B., C. During the year ending December 31, 2018 and 2017, the Company did not have any material transfer of assets to affiliates.
- D. The Company reported a gross receivable of \$598.8 million and \$207.6 million from affiliates on line 23 of page 2 as of December 31, 2018 and 2017, respectively.
- E. The Company does not have any guarantees or undertakings for the benefit of an affiliate, which result in a material contingent exposure of the Company's or any related party's assets or liabilities.
- F. The following is a description of management and service contracts and cost sharing agreements involving the Company and any related party:

In general, the Company relies on its Parent Company and other affiliates under common control of the Ultimate Parent for all support and operations functions. For specific owner/affiliate relationships, please refer to the Legal Entities Organizational Chart contained in Schedule Y.

Except for amounts due to PDPs, all claims paid and incurred are based on amounts billed by the Parent Company and its affiliates for pharmacy claims filled by pharmacies in the Parent Company's pharmacy network or claims submitted to the Parent Company for pharmacy claims paid by state agencies.

Additionally, all pharmaceutical rebates are received or are recorded as a receivable from Part D Services, which contracts with pharmaceutical manufacturers for such rebates.

As of December 31, 2018, the Company reported a net receivable from the Parent Company and its affiliates of \$533.1 million. As of December 31, 2017, the Company reported a net receivable from the Parent Company and its affiliates of \$57.5 million.

The following is a summary of the financial statement presentation of amounts due from and to the Company's Parent and affiliates.

Assets, Liabilities, Capital and Surplus	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<i>Taxes payable (lines 9 & 10.1)</i>	\$ 40,155,238	\$ 87,189,823
<i>Ceded reinsurance premiums payable (line 11) / (amounts recoverable from reinsurers) (line 16.1)</i>	25,520,020	62,884,527
<i>Amounts due (from) to parent, subsidiaries and affiliates (Page 2, Line 23, Column 1)</i>	(598,750,979)	(207,606,664)
	<u>\$ (533,075,721)</u>	<u>\$ (57,532,314)</u>

Amounts due (from) and to parent, subsidiaries and affiliates is primarily comprised of amounts due for uninsured pharmacy claims processed, management fees from Part D Services and intercompany funding. As of December 31, 2018, the Company reported a receivable from affiliates of \$598.8 million, primarily as a result of prefunding of claims activity from Part D Services. The prefunding amount was released with the claims payments in January 2019. *Ceded reinsurance premiums payable* or *amounts recoverable from reinsurers* is related to the Company's reinsurance agreement with CVS Caremark Indemnity, Ltd. and Accendo Insurance Company (Accendo). Both are affiliates of the Company.

The Company pays Part D Services a management fee for sales, accounting, tax, legal, information technology, compliance, claims processing and other administrative functions under a management services agreement that has been filed with the Department. The management fee is assessed on a per-member, per-month ("pmpm") and a per claim basis.

In addition, related to the Company's reinsurance agreement with CVS Caremark Indemnity, Ltd. and Accendo, the Company recognizes a reduction of expenses related to ceded expenses.

The following is a summary of the financial statement presentation of management fees incurred from Part D Services and reinsurance expenses ceded to the CVS Caremark Indemnity, Ltd. and Accendo.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

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

Statement of Revenue and Expenses	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
Management fee				
<i>Claims adjustment expenses(line 20)</i>	\$	130,530,804	\$	144,193,867
<i>General and administrative expenses (line 21)</i>		<u>321,352,230</u>		<u>269,641,672</u>
Total management fee	\$	<u>451,883,034</u>	\$	<u>413,835,539</u>
Reinsurance expenses ceded				
<i>Claims adjustment expenses(line 20)</i>	\$	20,762,358	\$	23,882,894
<i>General and administrative expenses (line 21)</i>		<u>83,782,341</u>		<u>61,528,328</u>
Total reinsurance expenses ceded	\$	<u>104,544,699</u>	\$	<u>85,411,222</u>

Payment terms require the Company to settle with Part D Services all invoiced amounts for claims and service fees thirty days in arrears after the Company receives an invoice. The settlement of rebates happens within ninety days of the beginning of the calendar quarter following receipt of such rebates by Part D Services.

The Company has a written tax-sharing agreement with the Ultimate Parent, and its allocation of the Ultimate Parent's federal and state income and premium taxes is based on the Company's federal and state tax liability determined as if the Company were filing its own separate tax return each year. The Company's tax sharing agreement with the Ultimate Parent provides that the Ultimate Parent will pay the Company for its net operating losses to the extent that such net operating loss is utilized in the reduction of the consolidated federal income tax liability.

As of December 31, 2018 and 2017, the Company owed the Ultimate Parent \$25.5 million and \$82.0 million, respectively, for federal income taxes, which is reported as *current federal and foreign income tax payable* in the Statement of Liabilities, Capital and Surplus. As of December 31, 2018 and 2017, the Company owed the Ultimate Parent \$3.9 million and \$5.2 million, for state taxes, which is reported as *general expenses due or accrued* in the Statement of Liabilities, Capital and Surplus. Intercompany tax balances are settled annually.

- G. All outstanding shares of the Company are owned by the Parent Company.
- H. The Company does not own shares of stock of its Parent Company.
- M. The Company does not hold any interest in another company or limited partnership.
- J. The Company did not recognize any impairment write-down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.
- K. The Company does not have any investments in a foreign insurance subsidiary.
- L. The Company did not have any investments in a downstream non-insurance holding company.
- M. The Company does not have any subsidiary, controlled and affiliated (SCA) investments.
- N. The Company does not have any investments in insurance SCA's.
- O. SCA Loss Tracking: Not applicable

11. Debt

None

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

No change.

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

- (1) As of December 31, 2018 and 2017, the Company had 10.0 million shares, (\$1 par), of Class A common capital stock authorized, and 2.75 million of such shares issued and outstanding.
- (2) The Company has no preferred stock outstanding.
- (3) Without prior approval of the domiciliary commissioner, dividends to shareholders are limited by the laws of Tennessee and are based on the restrictions relating to statutory surplus.
- (4) No dividends were paid by the Company during the year ending December 31, 2018 and 2017, respectively.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

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

- (5) The portion of the Company's profits that may be paid as ordinary dividends are limited by the laws of Tennessee. Tennessee law states that ordinary dividends must follow Tennessee Code Ann. § 56-11-105(e) and Tennessee Code Ann. § 56-11-106(b) for extraordinary dividends. Ordinary dividends from the previous twelve months are limited to the greater of ten percent of surplus or the net gain from operations.

The amount of ordinary dividends that may be paid out during any given period is subject to certain restrictions as specified by state statute.

- (6) The Company is subject to certain Risk-Based Capital ("RBC") requirements as specified by the NAIC. Under those requirements, the amount of capital and surplus maintained by a life/health insurance company is to be determined based on the various risk factors related to it. As of December 31, 2018 and 2017, there were no restrictions placed on the unassigned funds (surplus).
- (7) The Company has no mutual reciprocals or any similarly organized entities.
- (8) The Company does not hold any stock of the Ultimate Parent, including stock of affiliated entities for special purposes.
- (9) The Company had a special surplus of \$0 million and \$60.0 million as of December 31, 2018 and 2017, respectively. The balance reported as special surplus funds is due to health plan fees incurred under Section 9010 of the Affordable Care Act ("ACA"). There was no special surplus for the period ending December 31, 2018 due to Section 4003 of H.R. 195, Division D – *Suspension of Certain Health-Related Taxes*, which was signed into law on January 22, 2018. Section 4003 suspends the health plan fees for calendar year 2019. Per SSAP No. 106: *Affordable Care Act Section 9010 Assessment*, no segregation of special surplus is needed for the net written premium in 2018 data year.
- (10) As of December 31, 2018 and 2017, the Company had no unrealized gains or losses.
- (11) The Company did not issue any surplus debenture of similar obligations.
- (12) The Company did not experience an impact of any restatement due to prior quasi-reorganization.
- (13) Not applicable.

14. Liabilities, Contingencies and Assessments

- A. Contingent Commitments: None
- B. Assessments: None
- C. Gain Contingencies: None
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits: None
- E. Joint and Several Liabilities: None
- F. All Other Contingencies:
- a. Bad debt write-offs, net of recoveries, totaled \$1.8 million and \$3.7 million as of December 31, 2018 and 2017, respectively. These balances were previously reported as non-admitted assets.

15. Leases

- A. Lessee Operating Lease: None
- B. Lessor Leases: None

16. Information about Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk

None

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

- A. Transfers of Receivables Reported as Sales: None
- B. Transfer and Servicing of Financial Assets: None
- C. Wash Sales: None

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

- A. ASO Plans: None
- B. ASC Plans

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

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

The Company has several Administrative Services Contracts (“ASC”) with Self-Funded Employer Group Waiver Plans (“SF EGWPs”).

For the year ending December 31, 2018 and 2017, the gain from operations from ASC uninsured plans is as follows:

December 31, 2018

	<u>ASC Uninsured Plans</u>	<u>Uninsured Portion of Partially Insured Plans</u>	<u>Total ASC</u>
a. Gross reimbursement for medical costs incurred	\$ 3,981,381,863	\$ -	\$ 3,981,381,863
b. Gross administrative fees accrued	106,560,553	-	106,560,553
c. Other income or expense (including interest paid to or received from plans)	-	-	-
d. Gross expenses incurred (claims and administrative)	<u>(4,084,032,527)</u>	<u>-</u>	<u>(4,084,032,527)</u>
e. Total Net Operations	<u>\$ 3,909,889</u>	<u>\$ -</u>	<u>\$ 3,909,889</u>

December 31, 2017

	<u>ASC Uninsured Plans</u>	<u>Uninsured Portion of Partially Insured Plans</u>	<u>Total ASC</u>
a. Gross reimbursement for medical costs incurred	\$ 2,999,514,083	\$ -	\$ 2,999,514,083
b. Gross administrative fees accrued	84,837,026	-	84,837,026
c. Other income or expense (including interest paid to or received from plans)	-	-	-
d. Gross expenses incurred (claims and administrative)	<u>(3,081,661,633)</u>	<u>-</u>	<u>(3,081,661,633)</u>
e. Total Net Operations	<u>\$ 2,689,476</u>	<u>\$ -</u>	<u>\$ 2,689,476</u>

C. Medicare and other Similarly Structured Cost Based Reimbursement Contract:

- (1) Revenue and prescription drug amounts for the year ending December 31, 2018 and 2017, exclude \$11,949.8 million and \$11,375.0 million, respectively, in subsidies from the Centers for Medicare and Medicaid Services (“CMS”) for catastrophic reinsurance subsidies, low income cost sharing subsidies (“LICS”) and the coverage gap discount program (“CGDP”) pursuant to the Company’s contracts with CMS.
- (2) As of December 31, 2018 and 2017, the admitted *amounts receivable relating to uninsured plans* includes the following:

	<u>12/31/2018</u>	<u>12/31/2017</u>
CMS settlement - 2017	\$ -	\$ 8,250,410
CMS settlement - 2018	360,405,087	
First United American & United American CMS settlement	25,027,720	27,317,370
Coverage gap discount receivable	413,332,544	305,651,934
Unbilled group receivable	221,226,162	119,476,797
Rx Rebate Receivable for uninsured plan	-	564,681,452
Billed group receivable	242,818	162,108
Total amounts receivable related to uninsured plans	<u>\$ 1,020,234,331</u>	<u>\$ 1,025,540,071</u>

Settlement amounts due to or from CMS for a plan year for LICS and drugs covered by the catastrophic reinsurance feature are typically settled in the fourth quarter of the following year. These settlements are related to LICS and drugs covered by the catastrophic reinsurance feature. As of December 31, 2018, the Company recorded a CMS settlement receivable of \$360.4 million for the plan year 2018. The Company has also recorded a receivable from CMS for \$25.0 million for the settlements due to First United American and United American as part of the reinsurance agreement, effective July 1, 2016. There is an offsetting payable in the reinsurance payable line of the balance sheet.

Coverage gap discount receivable represents amounts invoiced or to be invoiced by CMS to pharmaceutical manufacturers on the Company’s behalf. Fluctuations in this balance are

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

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

due to timing of when CMS invoices the pharmaceutical manufacturers and when collections are received by the Company.

Unbilled group receivables primarily represents the last week of claims for the month that are billed to the respective SF EGWPs the first week of the following month.

As of December 31, 2018 and 2017 there was an Rx rebate receivable of \$0 million and \$564.7 million related to uninsured plans, respectively. The change was attributed to timing of Rx rebate payments received from Part D Services.

As of December 31, 2018 and 2017, *amounts payable relating to uninsured plans* includes the following:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Reopener payables	76,616,720	49,361,410
SF EGWP client payables	1,073,347,993	767,781,783
Coverage gap discount payable	41,074,806	54,947,823
Total amounts payable related to uninsured plans	\$ 1,191,039,519	\$ 872,091,016

Reopener payables represent accruals for prior plan years that are due back to CMS, and are the result of retro-activity that happens after the initial settlement with CMS. Reopeners are settled with CMS according to CMS time table which is approximately 5 years after the initial settlement with CMS.

SF EGWP client payables represent the amounts due back to SF EGWP clients for LICS and reinsurance subsidies the Company will collect from CMS on their behalf. The Company expects to collect the LICS and reinsurance subsidies in the fourth quarter of the following plan year and the Company will settle the payable to SF EGWPs at that time. The balance also includes the rebates collected from pharmaceutical manufacturers on the client's behalf.

Coverage gap discount payable represents the amounts due back to CMS after invoices have been sent to pharmaceutical manufacturers.

- (3) As of December 31, 2018 and December 31, 2017, there were no allowances or reserves for adjustment of recorded revenues.
- (4) The Company has made no adjustment to revenue resulting from audits of receivables related to revenues recorded in the prior period.

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

None

20. Fair Value Measurements

SSAP 100R, *Fair Value*, defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States, and enhances disclosures about fair value measurements. SSAP 100R provides guidance on how to measure fair value when required under existing accounting standards.

The Statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels ("Level 1, 2 and 3") and net asset value (NAV) after initial recognition.

Level 1 inputs are observable inputs that reflect quoted prices for identical assets or liabilities in active markets the Company has the ability to access at the measurement date. Level 2 inputs are observable inputs, other than quoted prices included in Level 1, for the asset or liability. Level 3 inputs are unobservable inputs reflecting the Company's estimates of the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The hierarchy requires the use of market observable information when available for assessing fair value. As the fair value of the Company's U.S. Treasury securities are based on unadjusted market prices, they are classified within Level 1.

The following methods and assumptions were used by the Company in estimating the "fair value" disclosures for financial instruments in the accompanying financial statements and notes thereto:

Cash, cash equivalents and short-term investments: The carrying amounts reported in the accompany balance sheets for these financial instruments approximate their fair values.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

20. Fair Value Measurements (continued)

Investment Securities: Fair values for bonds are based on the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company utilizes the three-level valuation hierarchy for the recognition and disclosure of fair value measurements. The categorization of assets and liabilities within this hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The three levels of the hierarchy consist of the following

- *Level 1* - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- *Level 2* - Inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active or inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument.
- *Level 3* - Inputs to the valuation methodology are unobservable inputs based upon management's best estimate of inputs market participants could use in pricing the asset or liability at the measurement date, including assumptions about risk.

Investment reported at NAV is not captured within fair value hierarchy, but separately identified.

A.

(1) Fair Value Measurements at Reporting Date:

December 31, 2018

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
Assets at fair value					
Cash	\$ (8,136,644)	\$ -	\$ -	\$ -	\$ (8,136,644)
Cash equivalents and Short-Term Investments	131,642,088	-	-	-	131,642,088
Total Assets at fair value/NAV	<u>\$ 123,505,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,505,444</u>

December 31, 2017

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
Assets at fair value					
Cash	\$ (4,822,051)	\$ -	\$ -	\$ -	\$ (4,822,051)
Cash equivalents and Short-Term Investments	162,285,996	-	-	-	162,285,996
Total Assets at fair value/NAV	<u>\$ 157,463,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,463,945</u>

There have been no transfers between Level 1 and Level 2 of the Fair Value Hierarchy in the current reporting period.

- (2) Fair Value Measurement (Level 3) of the Fair Value Hierarchy: Not Applicable
- (3) Fair Value Measurement (Level 3) Transfers: Not Applicable
- (4) Inputs for Valuation of Fair Value of Level 2 and Level 3 Investments: Bank valuation provided in monthly statements is utilized to estimate fair market value.
- (5) Fair Value of Derivative Assets and Liabilities: Not Applicable

B. Other Accounting Pronouncements: Not Applicable

C. Aggregate fair value for all financial instruments at reporting date:

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

20. Fair Value Measurements (continued)

December 31, 2018

<u>Type of Financial Instrument</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Net Asset Value (NAV)</u>	<u>Not Practicable (Carrying Value)</u>
Bonds	\$ 3,334,198	\$ 2,691,717	\$ 3,334,198	\$ -	\$ -	\$ -	\$ -
Cash	\$ (8,136,644)	\$ (8,136,644)	\$ (8,136,644)	\$ -	\$ -	\$ -	\$ -
Cash equivalents and Short-Term	\$ 131,642,088	\$ 131,642,088	\$ 131,642,088	\$ -	\$ -	\$ -	\$ -

December 31, 2017

<u>Type of Financial Instrument</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Net Asset Value (NAV)</u>	<u>Not Practicable (Carrying Value)</u>
Bonds	\$ 2,805,678	\$ 2,329,724	\$ 2,805,678	\$ -	\$ -	\$ -	\$ -
Cash	\$ (4,822,051)	\$ (4,822,051)	\$ (4,822,051)	\$ -	\$ -	\$ -	\$ -
Cash equivalents and Short-Term	\$ 162,285,996	\$ 162,285,996	\$ 162,285,996	\$ -	\$ -	\$ -	\$ -

D. Not Practicable to Estimate Fair Value

As of December 31, 2018 and 2017, the Company did not own any financial instruments that were not practicable to estimate fair value.

Money market funds in active markets are classified within Level 1 as fair values are based on quoted market prices.

As of December 31, 2018, bonds and cash equivalents with an admitted asset value of \$2.7 million and \$0.7 million, respectively, were on deposit with state insurance and other departments to satisfy regulatory requirements.

As of December 31, 2017, bonds and cash equivalents with an admitted asset value of \$2.3 million and \$1.2 million, respectively, were on deposit with state insurance and other departments to satisfy regulatory requirements.

Management regularly reviews the value of the Company's investments. If the value of any investment falls below its cost basis, the decline is analyzed to determine whether it is an other-than-temporary decline in value. To make this determination for each security, the following is considered:

- The length of time and the extent to which the fair value has been below cost;
- The financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations or earnings potential; and
- Management's intent and ability to hold the security long enough for it to recover its value.

Based on that analysis, management makes a judgment as to whether the loss is other-than-temporary. If the loss is other-than-temporary, an impairment charge is recorded within net realized investment gains (losses) in the statements of operations in the period the determination is made. For the years ending December 31, 2017 and 2018, the Company recognized a capital loss of \$169 thousand and \$192 thousand, respectively, as a result of the impairments of the Puerto Rico bonds. For the year ending December 31, 2018, the Company also recognized a capital gain of \$227 thousand related to a callback of impaired Puerto Rico bond.

E. Investments Measured Using the NAV Practical Expedient: Not applicable

21. Other Items

- A. Unusual or Infrequent Items: None
- B. Troubled Debt Restructuring - Debtors: None
- C. Other Disclosures: None
- D. Business Interruption Insurance Recoveries: None
- E. State Transferable and Non-transferable Tax Credits: None
- F. Subprime-Mortgage-Related Risk Exposure: None

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

21. Other Items (continued)

- G. Retained Assets: None
H. Insurance Linked Securities (ILS) Contracts: None

22. Events Subsequent

There was no special surplus for the year ending December 31, 2018 due to Section 4003 of H.R. 195, Division D – Suspension of Certain Health-Related Taxes, which was signed into law on January 22, 2018. Section 4003 suspends the health plan fees for calendar year 2019. For the year ending December 31, 2017, the company segregated from *unassigned funds* \$60.0 million as a write-in to *Aggregate write-ins for special surplus*. Per NAIC INT - 16-01: *ACA Section 9010 Assessment 2017 Moratorium*, segregation of special surplus is only needed if the written premiums are subject to the health plan fees in the following year.

	<u>Current Year</u>	<u>Prior Year</u>
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act?	YES	YES
B. ACA fee assessment payable for the upcoming year	\$ -	\$ 60,000,000
C. ACA fee assessment paid	\$ 70,198,867	\$ -
D. Premium written subject to ACA 9010 assessment	\$ 3,348,767,453	\$ 3,292,391,006
E. Total Adjusted Capital before surplus adjustment	\$ 998,843,851	
F. Total Adjusted Capital after surplus adjustment	\$ 998,843,851	
G. Authorized Control Level after surplus adjustment	\$ 86,052,531	
H. Would reporting the ACA assessment as of December 31, 2018, have triggered an RBC action level (YES/NO)?	No	

The Company has assessed and concluded that there were no other material subsequent events, through February 25, 2019, the date which the financial statements were available to be issued.

23. Reinsurance

A. Ceded Reinsurance Report

The Company purchased the Medicare Part D business (CMS contracts S5755 and S5580) from First United American and its affiliate United American on July 1, 2016. As of July 1, the parties separately entered into a novation agreement, pursuant to which SilverScript assumed responsibility as the sponsor of the individual Medicare PDPs of First United American and United American.

The individual PDPs continued in force without an interruption in benefits or services. For the remainder of the 2016 PDP plan year only, First United American and United American assumed as reinsurer, pursuant to the Reinsurance Agreement, and continued to operate the PDP business. The Reinsurance Agreement provides that First United American and United American shall assume one hundred percent (100%) of the 2016 PDP Plan liabilities on an indemnity reinsurance basis.

The Company has a quota share reinsurance agreement with an affiliate of the Parent Company, CVS Caremark Indemnity, Ltd., a Bermuda domiciled insurer. Under the terms of this agreement, the Company cedes a percentage of the Company's share of the risk associated with individual and group premiums, claims and administrative expenses. This agreement was amended in 2017. The percentage risk ceded decreased from 20% to 15%, effective January 1, 2018. The original agreement was approved by the Department on August 15, 2011, and was retroactive to January 1, 2011.

The Company also has a quota share reinsurance agreement with another affiliate of the Parent Company, Accendo Insurance Company, a Utah domiciled insurer. Under the terms of this agreement, the Company cedes 5% of the Company's share of the risk associated with individual and group premiums, claims and administrative expenses. This agreement was effective January 1, 2018.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

23. Reinsurance (continued)

The following is a financial summary of the ceded amounts and related expenses under these agreements:

	<u>Year ending</u> <u>December 31, 2018</u>	<u>Year ending</u> <u>December 31, 2017</u>
Statement of Revenue and Expense:		
Premiums and other revenue	\$ 684,020,399	\$ 710,992,642
Benefits	(551,840,212)	(561,702,579)
Commissions expense	(104,941,438)	(85,983,837)
Interest expense	396,738	572,615
Total revenue and expense ceded	\$ 27,635,487	\$ 63,878,841
Balance Sheet:		
Claims unpaid	\$ 1,011,673	\$ 686,413
Accrued retrospective premiums	(9,417,286)	(1,414,766)
Premiums received in advance	6,645,856	4,102,600
Premiums receivable	(6,291,243)	(6,775,960)
Accrued incentive pool	10,000	25,000
Healthcare Receivable	(104,605,924)	(124,616,234)
Total ceded balance sheet Items	\$ (112,646,924)	\$ (127,992,947)
Unsettled Prior Year Balance	\$ (2,115,468)	\$ (994,314)
Funds held by or deposited with reinsured companies	\$ 675,354,469	\$ 707,477,131
Funds held under reinsurance treaties with unauthorized reinsurers	(762,481,368)	(772,585,551)
Amount due to Accendo & CVS Caremark Indemnity, Ltd.	\$ (87,126,904)	\$ (65,108,420)

B. Uncollectible Reinsurance: None

C. Commutation of Ceded Reinsurance:

The Company did not commute any ceded reinsurance nor did it enter into or engage in any agreement that reinsures policies or contracts that were in-force or had existing reserves as of the effective date of such agreements.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation: None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. The Company's Medicare Part D contract with CMS contains a risk corridor feature. Due to the risk corridor feature, the Company's business is accounted for as a retrospectively rated contract. The Company estimates retrospective premium adjustments using a mathematical approach based on the Company's underwriting experience. As of December 31, 2018 and 2017 accrued retroactive premium adjustments were reported as *aggregate health policy reserves* in the amount of \$53.1 million and \$34.3 million, respectively, and as *accrued retrospective premiums and contracts subject to redetermination* of \$36.0 million and \$3.7 million, respectively, for different plan years.

B. The Company records the risk corridor adjustment as an adjustment to earned premiums.

C. The amount of net direct premiums written by the Company during the year ending December 31, 2018 and 2017 that was subject to the retrospective rating feature was \$3,296.0 million and \$3,463.7 million, respectively, which represented 98%, and 98%, respectively, of the total premiums written, excluding risk corridor adjustment.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act: There was no MLR recorded during the years ending December 31, 2018 and 2017, respectively.

E. Risk Sharing Provisions of the ACA: The Company only offers health insurance coverage under Medicare Part D and is not a qualified health plan under the definition of the ACA.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

25. Change in Incurred Claims and Claim Adjustment Expenses

A. The following table provides a reconciliation of the beginning and ending balances of claims unpaid, accruals for medical incentive pool and bonus, and health care receivables as follows:

	<u>Year Ending December 31, 2018</u>	<u>Year Ending December 31, 2017</u>
Balances as of January 1:		
Reserves for unpaid claims	\$ 4,960,450	\$ 10,108,215
Health Care Receivable	(498,464,936)	(291,393,137)
Reserve for incentive pools	<u>710,346</u>	<u>556,410</u>
	<u>\$ (492,794,140)</u>	<u>\$ (280,728,512)</u>
Incurred related to:		
Current year	\$ 2,256,511,817	\$ 2,313,855,430
Prior year	<u>(2,926,143)</u>	<u>(60,792,935)</u>
	<u>\$ 2,253,585,674</u>	<u>\$ 2,253,062,495</u>
Paid (received) related to:		
Current year	\$ 2,670,848,821	\$ 2,809,474,715
Prior year	<u>(499,123,929)</u>	<u>(344,346,592)</u>
	<u>\$ 2,171,724,892</u>	<u>\$ 2,465,128,123</u>
Balances as of December 31, 2018 and 2017:		
Reserves for unpaid claims	\$ 7,450,339	\$ 4,960,450
Health Care Receivable	(418,423,697)	(498,464,936)
Reserve for incentive pools	<u>40,000</u>	<u>710,346</u>
	<u>\$ (410,933,358)</u>	<u>\$ (492,794,140)</u>

Changes in prior year reserves are generally the results of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding claims. It is at least reasonably possible that a further change in the incurred but not reported claims could occur within one year from the date of these financial statements and that such a change in these estimates could be material to the financial statements.

During the year 2018 and 2017, the Company experienced \$2.9 million and \$60.8 million, respectively, of favorable prior year claims development, all of which related to retrospectively rated policies. This favorable development occurred due primarily to favorable pharmaceutical rebates related to the prior year credits to the Company by Part D Services. In addition, there were changes in the valuation of settlement amounts with CMS and favorable claim run-out activities related to prior year.

B. There were no significant changes in methodologies and assumptions used in calculating the liability for unpaid losses and loss adjustment expenses, including reasons for the change and the effects on the financial statements for the most recent reporting period presented.

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables

The following is a summary of the Company's *Health Care and Other Amounts Receivable* as of December 31, 2018 and 2017, respectively. The amounts are presented gross of non-admitted receivable but net of reinsurance ceded:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Pharmaceutical Rebates Receivable	\$ 51,382,707	\$ 281,956,969
Performance Network Rebate Receivable	367,040,990	216,507,967
Total Health Care and Other Amounts Receivable	<u>\$ 418,423,697</u>	<u>\$ 498,464,936</u>

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
Notes to Financial Statement

28. Health Care Receivables (continued)

A. Pharmaceutical Rebates Receivables:

The Company has contracted with Part D Services for pharmaceutical rebates. Amounts recorded in the Company's financial statements are determined based on the amounts the Part D Services has collected or expects to collect as invoiced or otherwise confirmed by Part D Services. The Company reported a health care receivable of \$51.4 million and \$282.0 million as of December 31, 2018 and 2017, respectively. All rebates are determined to be received within 90 days after Part D Services receives the payments from manufactures. The pharmaceutical rebates receivables reported below are gross of reinsurance ceded.

Quarter	Estimated Pharmacy Rebates Pertaining to Current Quarter Scripts Filled and as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2018	\$ 1,846,062,623	\$ 1,846,062,623	\$ 1,781,357,061	\$ -	\$ -
09/30/2018	1,827,685,233	1,822,814,277	1,822,814,277	-	-
06/30/2018	1,814,545,295	1,803,669,731	1,803,669,731	-	-
03/31/2018	1,754,618,121	1,764,590,379	1,764,590,379	-	-
12/31/2017	1,513,146,853	1,513,164,360	1,513,164,360	-	-
09/30/2017	1,468,927,054	1,468,334,191	1,468,334,191	-	-
06/30/2017	1,499,381,807	1,495,824,224	1,495,824,224	-	-
03/31/2017	1,418,953,584	1,468,498,293	1,468,498,293	-	-
12/31/2016	1,512,431,283	1,514,211,675	1,514,211,675	-	-
09/30/2016	1,559,780,406	1,565,162,797	1,483,234,168	-	81,928,629
06/30/2016	1,523,948,498	1,538,639,347	1,538,639,347	-	-
03/31/2016	1,396,246,218	1,489,639,619	1,489,639,619	-	-

B. Risk Sharing Receivables:

None

Other Healthcare Receivables:

CVS Part D Services, the Company's pharmacy benefit manager, has a pharmacy network that includes a retrospective performance network rebate (PNR). The PNR is performance based upon whether the participating pharmacies have met certain pre-established criteria in the contract. The PNR is calculated by multiplying the applicable claims with a variable network rate based on the actual performance. The PNR agreements for both 2018 and 2017 have three performance measurement periods (measurement period), ending April 30, August 31, and December 31, respectively. The PNR receivables fit the category of Other Health Care Receivables per SSAP No. 84 *Health Care and Government Insured Plan Receivables*.

29. Participating Policies

None

30. Premium Deficiency Reserves

None

31. Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
If yes, complete Schedule Y, Parts 1, 1A and 2
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State Regulating? Tennessee
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [X] No []
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. 0000064803
- 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. 12/31/2013
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2013
- 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). 06/17/2015
- 3.4 By what department or departments?
State of Tennessee, Department of Commerce and Insurance
- 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 [X] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [] No [X]
4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [] No [X]
4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
If yes, complete and file the merger history data file with the NAIC.
- 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,

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 or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

GENERAL INTERROGATORIES

- 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 below the names and location (city and state of the main office) of any affiliates regulated by a federal 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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, 200 Clarendon St. Boston, MA 02116
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
.....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [] No [] N/A [X]
- 10.6 If the response to 10.5 is no or n/a, please explain
Exempt status per TN Department of Commerce and Insurance
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?
Tony Cheng, Actuary, CVS Health, 29100 Aurora Rd. Solon OH 44139
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value \$
- 12.2 If, yes provide explanation:
.....
- 13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 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).
.....

GENERAL INTERROGATORIES

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers.....\$
 - 20.12 To stockholders not officers.....\$
 - 20.13 Trustees, supreme or grand (Fraternal Only)\$
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers.....\$
 - 20.22 To stockholders not officers.....\$
 - 20.23 Trustees, supreme or grand (Fraternal Only)\$
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others.....\$
 - 21.22 Borrowed from others.....\$
 - 21.23 Leased from others\$
 - 21.24 Other\$
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$
 - 22.22 Amount paid as expenses\$
 - 22.23 Other amounts paid\$
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:\$0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)..... Yes [] No [X]
- 24.02 If no, give full and complete information relating thereto
Silverscript Insurance Company has Statutory Deposits with several states
- 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.\$
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.\$
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
GENERAL INTERROGATORIES

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

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

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

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

25.21 Subject to repurchase agreements	\$
25.22 Subject to reverse repurchase agreements	\$
25.23 Subject to dollar repurchase agreements	\$
25.24 Subject to reverse dollar repurchase agreements	\$
25.25 Placed under option agreements	\$
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$
25.27 FHLB Capital Stock	\$
25.28 On deposit with states	\$ 3,346,722
25.29 On deposit with other regulatory bodies	\$ 500,693
25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$
25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$
25.32 Other	\$

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of America, N.A.	2000 Clayton Rd. 5th floor, Concord, CA 94520
Bank of America, N.A.	200 N College Street, Charlotte, NC 28255
Regions Bank	400 West Capitol, Little Rock, AR 72201
Wells Fargo	1021 E. Cary Steet, Richmond, VA 23219
US Bank	225 Water Street, Ste. 700, Jacksonville, FL 32202
Xerox State & Local Solutions, Inc.	100 Hancock Street, 10th Floor, Quincy, MA 02171

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
GENERAL INTERROGATORIES

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

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

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		0

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	2,691,717	3,334,198	642,481
30.2 Preferred stocks0		.0
30.3 Totals	2,691,717	3,334,198	642,481

30.4 Describe the sources or methods utilized in determining the fair values:
 Fair Value is determined by a broker or custodian

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

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

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

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

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:
 a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
 b. Issuer or obligor is current on all contracted interest and principal payments.
 c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
 Has the reporting entity self-designated 5GI securities? Yes [] No [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
 a. The security was purchased prior to January 1, 2018.
 b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
 c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
 d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
 Has the reporting entity self-designated PLGI securities? Yes [] No [X]

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$70,900

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
A.M Best Company	70,900
.....

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 payment 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 departments of government, if any?\$0

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

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

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

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

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

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above \$ _____

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ _____ 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	2,679,597,094	2,633,698,155
2.2 Premium Denominator	2,679,597,094	2,633,698,155
2.3 Premium Ratio (2.1/2.2)	1.000	1.000
2.4 Reserve Numerator	60,550,955	39,948,062
2.5 Reserve Denominator	60,550,955	39,948,062
2.6 Reserve Ratio (2.4/2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [] No [X]

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

5.1 Does the reporting entity have stop-loss reinsurance? Yes [] No [X]

5.2 If no, explain:
The Company has quota share reinsurance agreements with two affiliates of the Parent Company.

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical \$ _____

5.32 Medical Only \$ _____

5.33 Medicare Supplement \$ _____

5.34 Dental & Vision \$ _____

5.35 Other Limited Benefit Plan \$ _____

5.36 Other \$ _____

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
The Company is in compliance with NAIC RBC requirements.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No []

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 68,000

8.2 Number of providers at end of reporting year 68,000

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

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months..\$ _____

9.22 Business with rate guarantees over 36 months \$ _____

GENERAL INTERROGATORIES

- 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..... | \$ | 209,901 |
| 10.22 Amount actually paid for year bonuses..... | \$ | 880,247 |
| 10.23 Maximum amount payable withholds..... | \$ | |
| 10.24 Amount actually paid for year withholds..... | \$ | |

- 11.1 Is the reporting entity organized as:
- | | | |
|--|----------------------------------|--|
| 11.12 A Medical Group/Staff Model, | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] |
| 11.13 An Individual Practice Association (IPA), or, .. | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] |
| 11.14 A Mixed Model (combination of above)? | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] |
- 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. Wisconsin
- 11.4 If yes, show the amount required. \$ 206,328,975
- 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
 2,679,597,094 (total premiums) x .07= 187,571,797 x 110% = 206,328,975

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
All States listed in Schedule T

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

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

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):
- | | | |
|------------------------------------|----|-------|
| 15.1 Direct Premium Written | \$ | |
| 15.2 Total Incurred Claims | \$ | |
| 15.3 Number of Covered Lives | | |

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

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [] No []
- 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [] No []

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

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)	2,371,801,053	2,075,392,052	2,823,572,736	2,385,680,862	2,764,215,754
2. Total liabilities (Page 3, Line 24)	1,372,957,202	1,109,806,795	2,024,409,956	1,771,965,894	2,316,137,741
3. Statutory minimum capital and surplus requirement	206,328,975	202,794,758	195,540,022	179,510,074	194,025,430
4. Total capital and surplus (Page 3, Line 33)	998,843,851	965,585,257	799,162,780	613,714,968	448,078,013
Income Statement (Page 4)					
5. Total revenues (Line 8)	2,720,502,343	2,880,300,041	2,483,618,413	2,337,344,758	2,516,234,178
6. Total medical and hospital expenses (Line 18)	2,253,585,674	2,253,062,495	1,753,102,449	1,686,828,389	1,996,448,374
7. Claims adjustment expenses (Line 20)	81,330,769	93,058,728	128,944,315	128,037,369	171,353,561
8. Total administrative expenses (Line 21)	331,858,127	239,168,857	250,373,379	210,782,881	101,788,780
9. Net underwriting gain (loss) (Line 24)	53,727,773	295,009,961	351,198,270	311,696,119	246,643,463
10. Net investment gain (loss) (Line 27)	12,562,204	4,985,799	676,552	68,509	24,029
11. Total other income (Lines 28 plus 29)	(1,774,120)	(3,732,443)	(24,632,619)	(111,911,726)	(24,714,285)
12. Net income or (loss) (Line 32)	28,262,634	214,250,876	206,056,013	37,989,272	124,561,216
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(33,657,899)	(1,151,996,899)	1,274,390,728	(9,537,316)	14,830,496
Risk-Based Capital Analysis					
14. Total adjusted capital	998,843,851	965,585,257	799,162,780	613,714,968	448,078,013
15. Authorized control level risk-based capital	86,052,531	69,362,321	64,597,696	41,243,080	62,762,625
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	4,868,345	4,519,889	4,285,967	3,485,708	2,994,368
17. Total members months (Column 6, Line 7)	58,090,814	54,092,424	50,159,973	41,238,109	36,635,427
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)	83.7	78.7	70.6	72.2	79.3
20. Cost containment expenses	0.9	1.1	0.7	1.1	0.0
21. Other claims adjustment expenses	2.1	2.1	4.5	4.4	6.8
22. Total underwriting deductions (Line 23)	99.0	90.3	85.9	86.7	90.2
23. Total underwriting gain (loss) (Line 24)	2.0	10.3	14.1	13.3	9.8
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	(495,720,282)	(341,521,447)	(7,198,050)	73,939,168	165,527,512
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	(492,794,139)	(280,728,512)	61,840,495	129,705,462	203,822,464
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)		0	0	0	0
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.					

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

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

1	Direct Business Only								9
	2	3	4	5	6	7	8		
States, etc.	Active Status (a)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	L	53,937,505					53,937,505	
2. Alaska	AK	L	1,182,107					1,182,107	
3. Arizona	AZ	L	35,071,421					35,071,421	
4. Arkansas	AR	L	54,830,510					54,830,510	
5. California	CA	L	376,781,506					376,781,506	
6. Colorado	CO	L	27,116,168					27,116,168	
7. Connecticut	CT	L	43,199,425					43,199,425	
8. Delaware	DE	L	10,104,281					10,104,281	
9. District of Columbia	DC	L	5,460,210					5,460,210	
10. Florida	FL	L	312,454,595					312,454,595	
11. Georgia	GA	L	106,633,292					106,633,292	
12. Hawaii	HI	L	4,169,629					4,169,629	
13. Idaho	ID	L	14,908,536					14,908,536	
14. Illinois	IL	L	104,477,443					104,477,443	
15. Indiana	IN	L	69,617,752					69,617,752	
16. Iowa	IA	L	42,800,853					42,800,853	
17. Kansas	KS	L	40,463,170					40,463,170	
18. Kentucky	KY	L	59,906,508					59,906,508	
19. Louisiana	LA	L	69,647,616					69,647,616	
20. Maine	ME	L	7,529,328					7,529,328	
21. Maryland	MD	L	57,261,503					57,261,503	
22. Massachusetts	MA	L	99,032,228					99,032,228	
23. Michigan	MI	L	74,825,170					74,825,170	
24. Minnesota	MN	L	48,994,211					48,994,211	
25. Mississippi	MS	L	58,936,413					58,936,413	
26. Missouri	MO	L	99,963,338					99,963,338	
27. Montana	MT	L	13,707,710					13,707,710	
28. Nebraska	NE	L	24,926,553					24,926,553	
29. Nevada	NV	L	10,478,598					10,478,598	
30. New Hampshire	NH	L	11,132,647					11,132,647	
31. New Jersey	NJ	L	105,383,525					105,383,525	
32. New Mexico	NM	L	21,483,423					21,483,423	
33. New York	NY	L	202,294,875					202,294,875	
34. North Carolina	NC	L	127,864,248					127,864,248	
35. North Dakota	ND	L	13,587,851					13,587,851	
36. Ohio	OH	L	122,397,717					122,397,717	
37. Oklahoma	OK	L	57,304,197					57,304,197	
38. Oregon	OR	L	27,699,191					27,699,191	
39. Pennsylvania	PA	L	160,968,128					160,968,128	
40. Rhode Island	RI	L	9,364,908					9,364,908	
41. South Carolina	SC	L	56,693,453					56,693,453	
42. South Dakota	SD	L	12,708,596					12,708,596	
43. Tennessee	TN	L	67,096,128					67,096,128	
44. Texas	TX	L	173,744,294					173,744,294	
45. Utah	UT	L	11,648,293					11,648,293	
46. Vermont	VT	L	12,535,971					12,535,971	
47. Virginia	VA	L	71,363,736					71,363,736	
48. Washington	WA	L	56,885,296					56,885,296	
49. West Virginia	WV	L	32,090,139					32,090,139	
50. Wisconsin	WI	L	58,651,850					58,651,850	
51. Wyoming	WY	L	7,023,752					7,023,752	
52. American Samoa	AS	N						0	
53. Guam	GU	L	14,174					14,174	
54. Puerto Rico	PR	L	372,426					372,426	
55. U.S. Virgin Islands	VI	L	40,351					40,351	
56. Northern Mariana Islands	MP	L	705					705	
57. Canada	CAN	N						0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Subtotal	XXX		3,348,767,453	0	0	0	0	3,348,767,453	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	XXX		3,348,767,453	0	0	0	0	3,348,767,453	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX		0	0	0	0	0	0	0

(a) Active Status Counts:

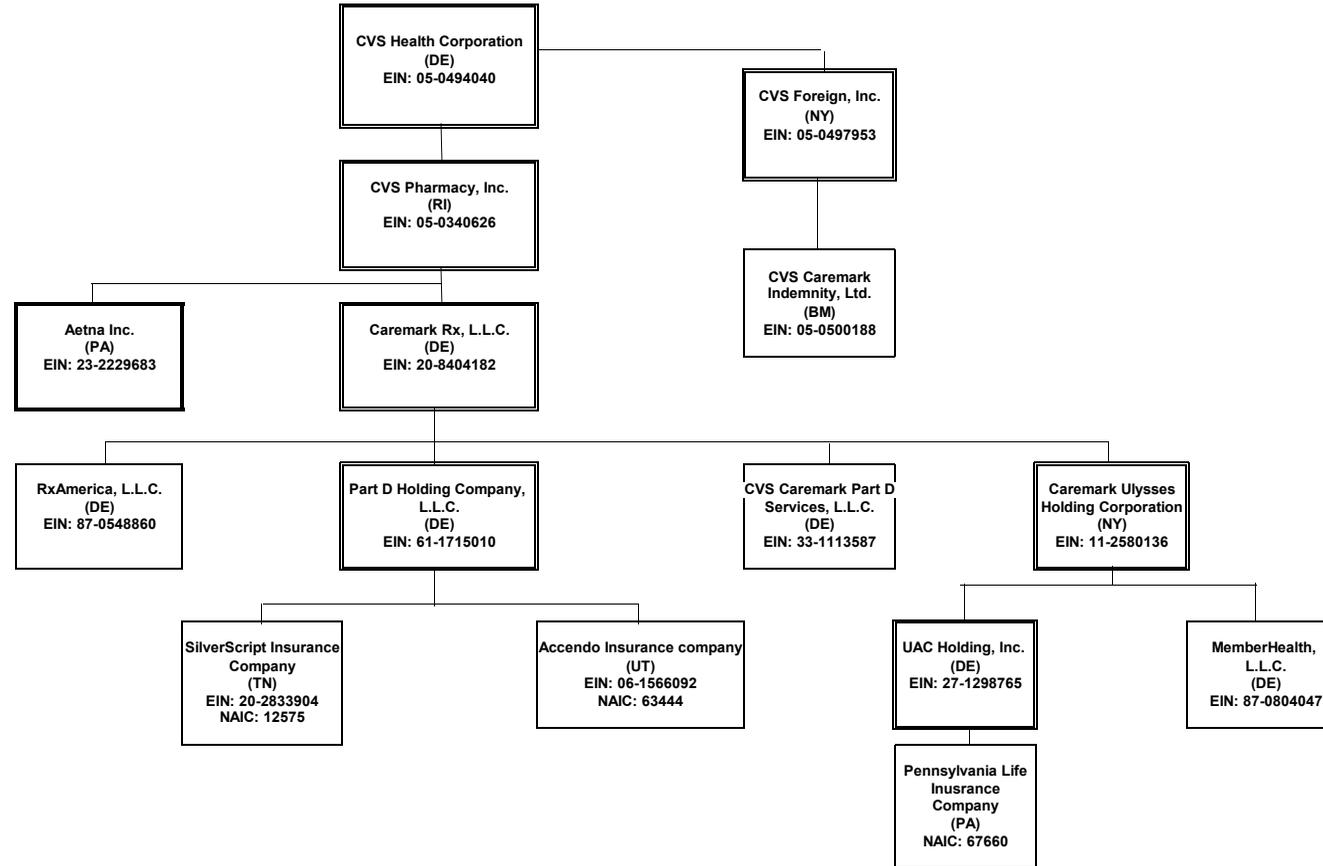
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....55 R - Registered - Non-domiciled RRGs.....0
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state.....0 Q - Qualified - Qualified or accredited reinsurer.....0
N - None of the above - Not allowed to write business in the state.....2

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

The premiums allocations are based on the situs of the contract
The premiums allocations are based on the situs of the contract

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



This organizational chart reflects the insurance entity reporting system and identifies the relationship between the ultimate parent and all member insurers. The ultimate controlling company is a Fortune 7 company with numerous subsidiaries, the majority of which do not interact with the insurance entities.

(1) Insurers/HMO's

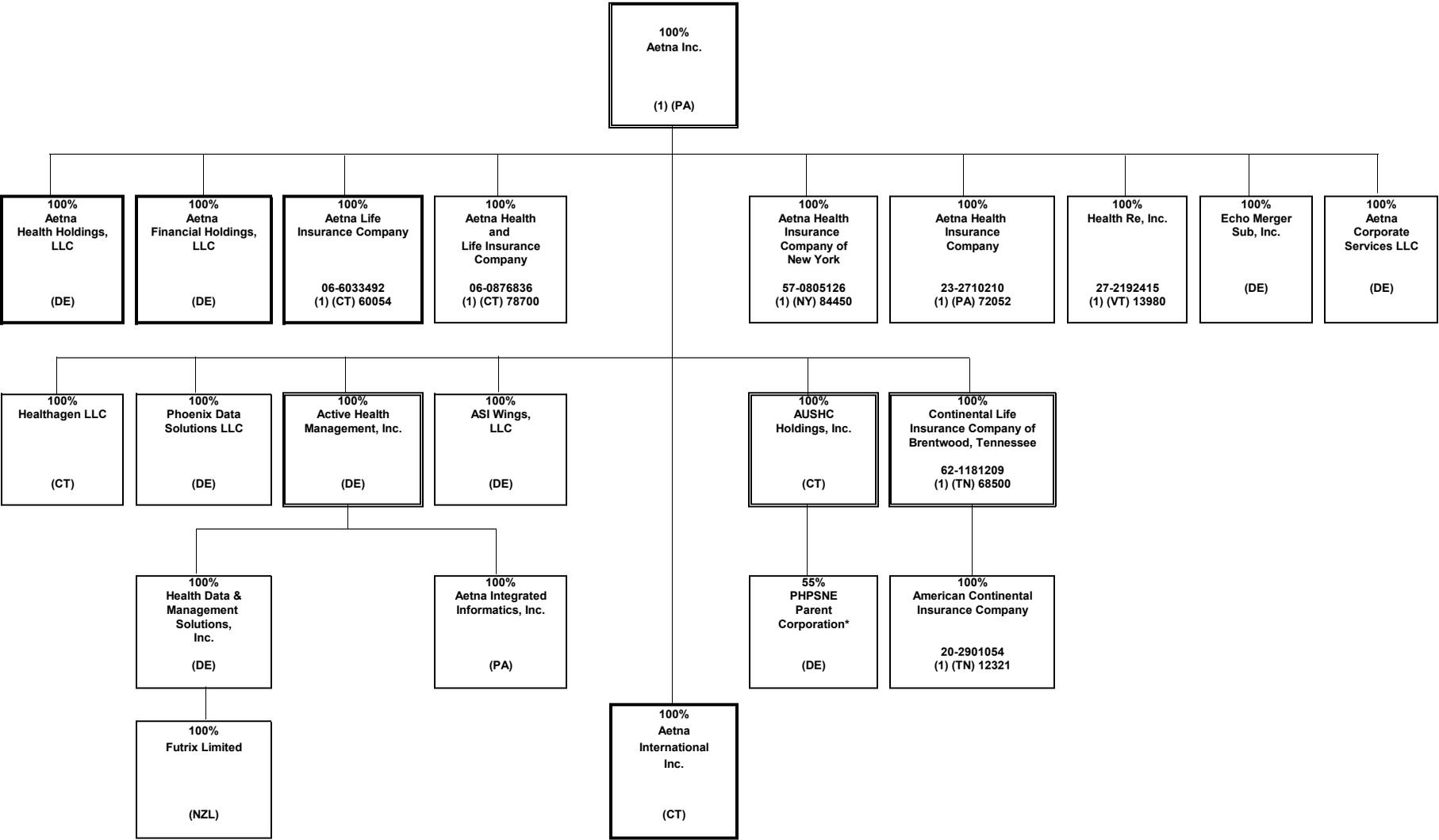
Percentages are rounded to the nearest whole percent and based on ownership of voting rights.

Double borders indicate entity has subsidiaries shown on the same page.

Bold borders indicate entity has subsidiaries shown on a separate page.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



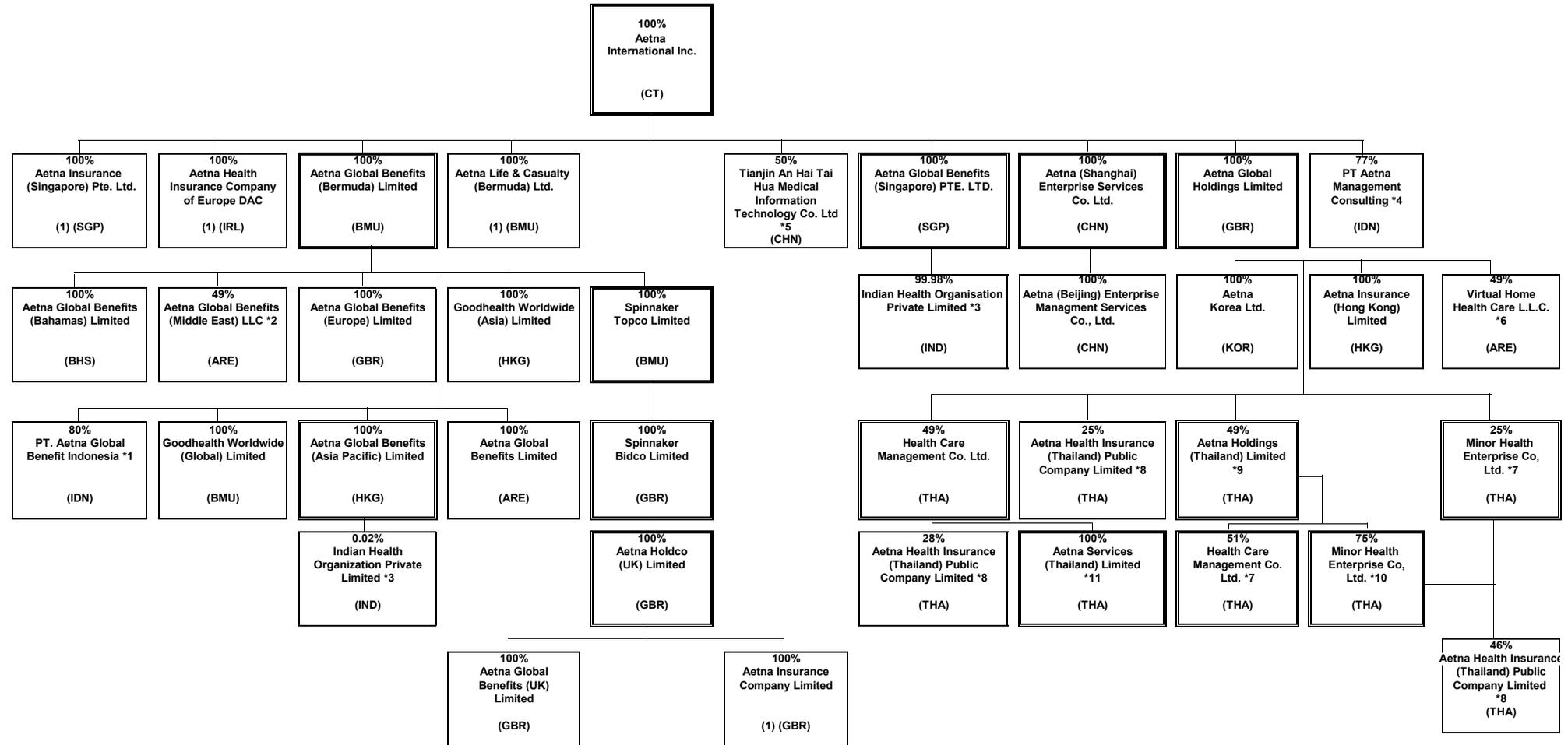
* PHPSNE Parent Corporation is also 45% owned by third parties.

40.1

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

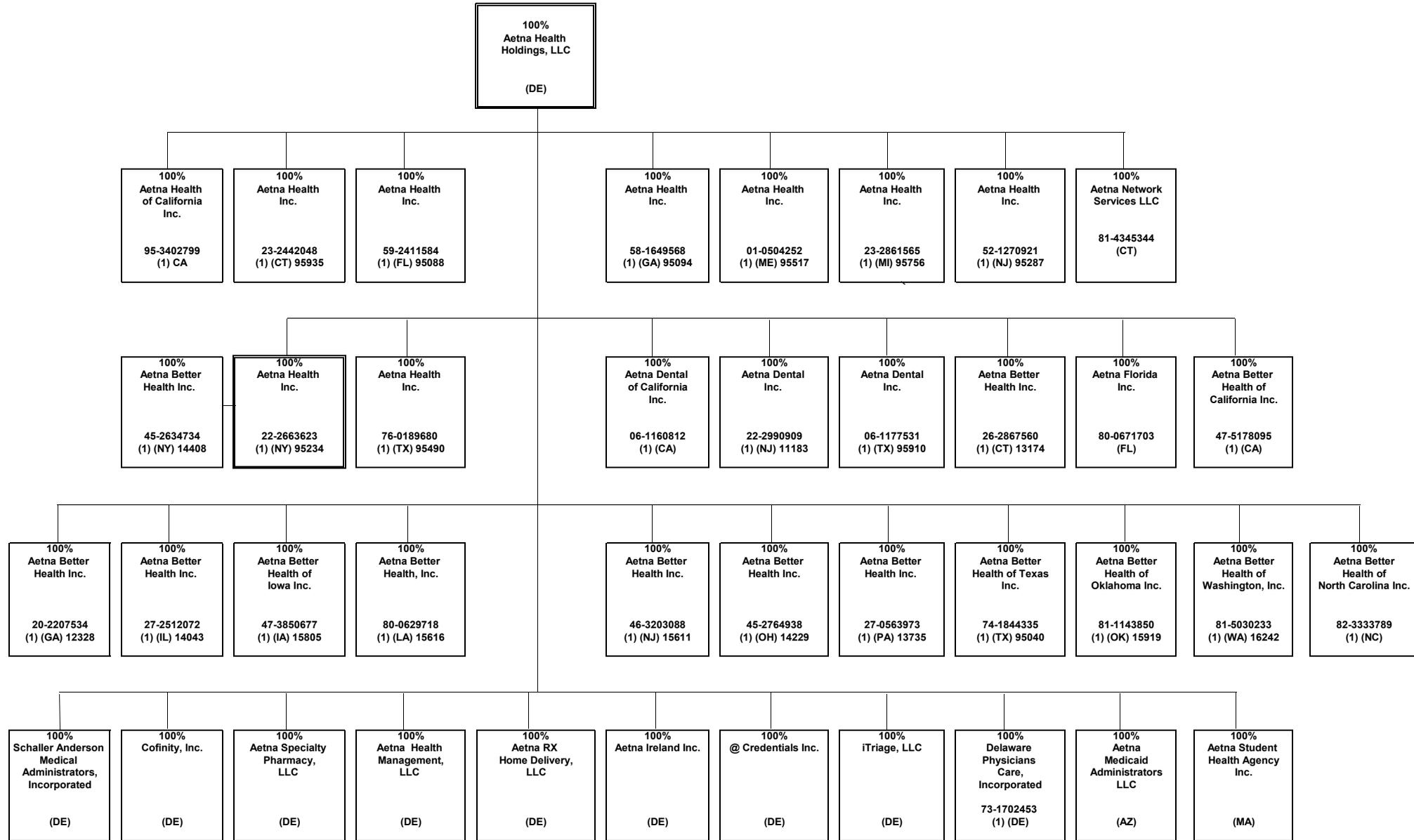


*1 PT. Aetna Global Benefits Indonesia is also 20% owned by Suhatsyah Rivali, Aetna's Nominee.
 *2 Aetna Global Benefits (Middle East) LLC is also 51% is owned by Euro Gulf LLC, Aetna's Nominee.
 *3 Indian Health Organisation Private Limited is 0.019857% owned by Aetna Global Benefits (Asia Pacific) and 99.980143% owned by Aetna Global Benefits (Singapore) PTE. LTD.
 *4 PT Asuransi Aetna Asia is also 23% owned by PT Asuransi Central Asia.
 *5 Tianjin An Hai Tai Hua Medical Information Technology Co., Ltd is also 50% owned by Tianjin Hai Tai Group Co., Ltd
 *6 Virtual Home Health Care L.L.C. is also 51% owned by CBD Commercial Brokers LLC, Aetna's Nominee
 *7 Health Care Management Co. Ltd. is also owned by Aetna Global Benefits (Bermuda) Limited (1 share).
 *8 Aetna Health Insurance (Thailand) Public Company Limited is also owned by Aetna Global Benefits (Bermuda) Limited (1 share), Mr. Sansanapongpherchar (1 Share),
 Mr. Jitphasong Itsaraphakded (1 Share); Mrs. Suphee Wattana (1 Share); and Mr. Buncha Tamphragom (1 Share)
 *9 Aetna Holdings (Thailand) Limited is also 51% owned by Mr. Paiboon Sutantivorakoon plus Aetna Benefits (Bermuda) Limited owns 1 share.
 *10 Minor Health Enterprise Co, Ltd is also (1 share) owned by Aetna Global Benefits (Bermuda) Limited
 *11 Aetna Services (Thailand) Limited is also (1 share) owned by Aetna Global Benefits (Bermuda) Limited and (1 share) owned by Aetna Global Holdings Limited

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

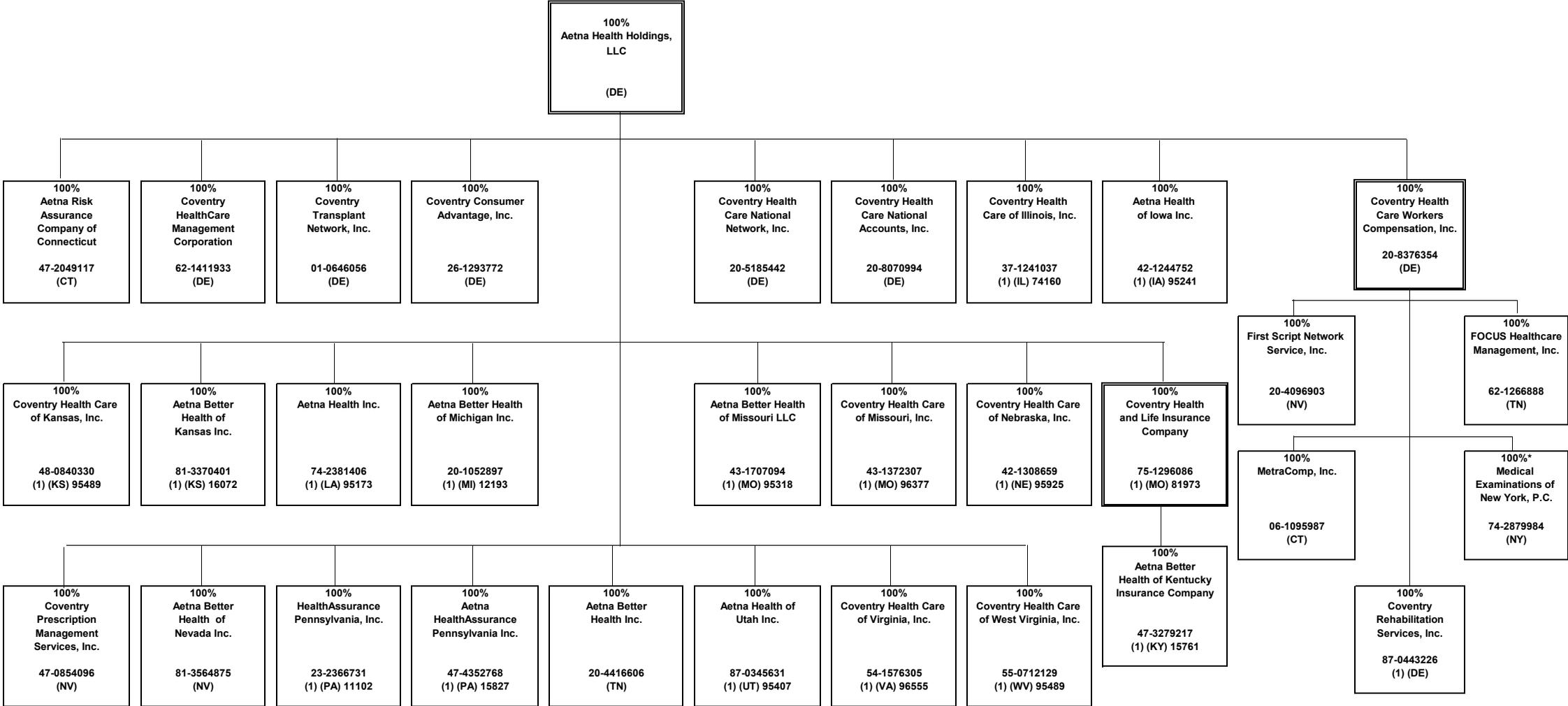
PART 1 - ORGANIZATIONAL CHART



ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

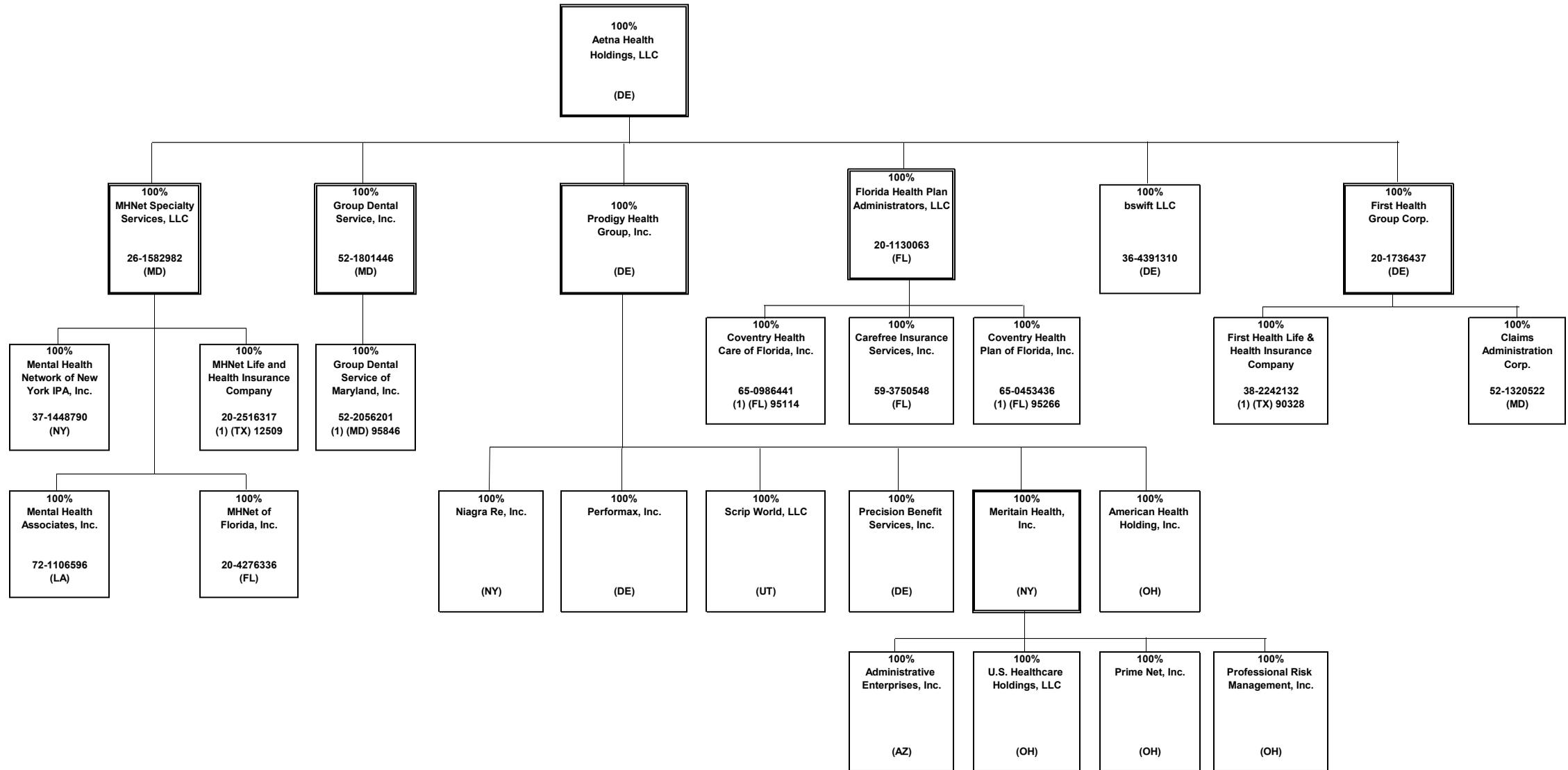


40.4

*100% owned through Aetna's nominees

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

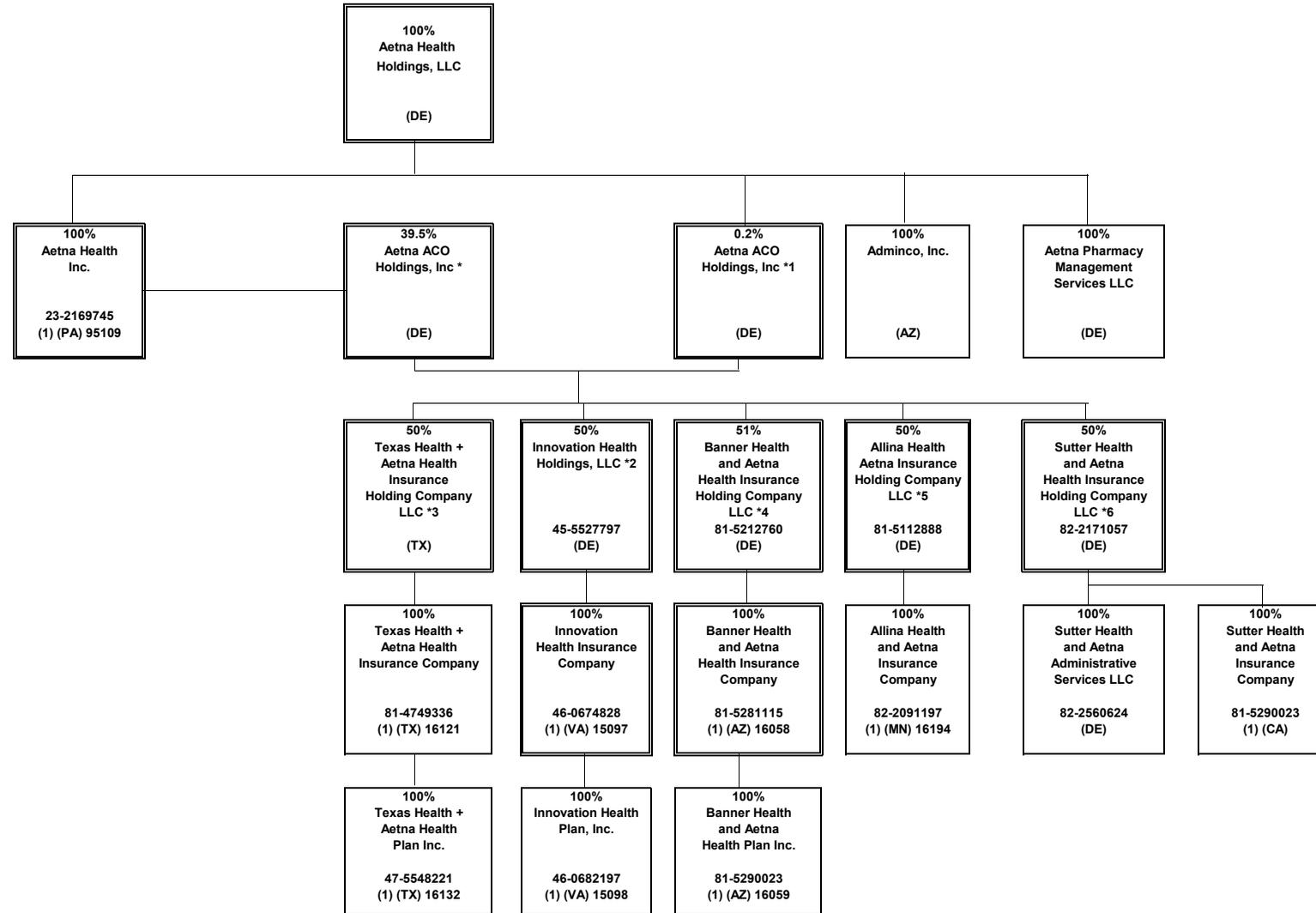
PART 1 - ORGANIZATIONAL CHART



40.5

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
 SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



*1 Aetna ACO Holdings Inc. is owned by Aetna Life Insurance Company (302 shares); Aetna Health Inc. (PA) (198 shares); and Aetna Health Holdings, LLC (1 share).

*2 Innovation Health Holdings, LLC is also 50% owned by Inova Health System Foundation.

*3 Texas Health + Aetna Health Insurance Holding Company LLC is also 50% owned by Texas Health Resources.

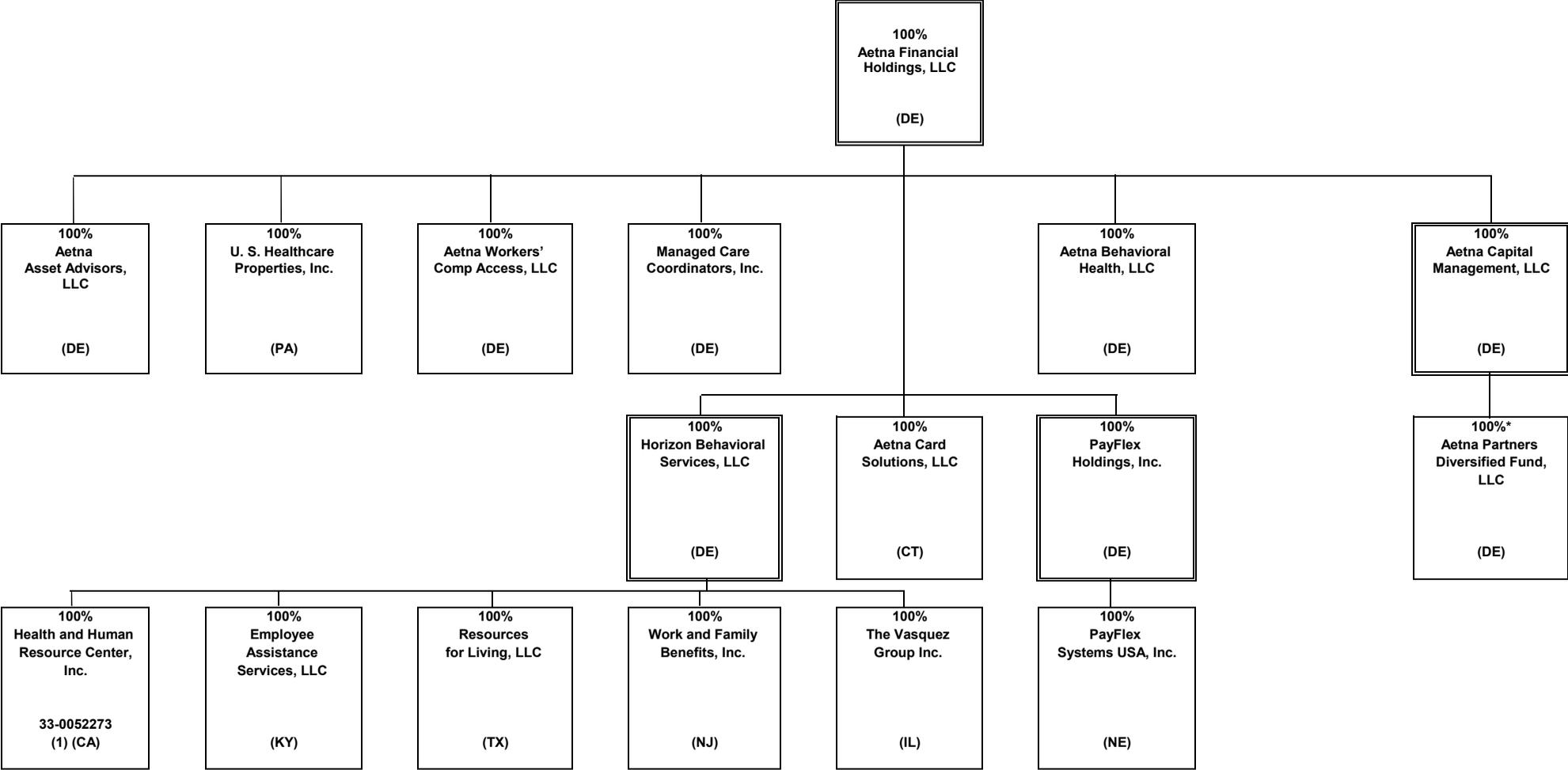
*4 Banner Health and Aetna Health Insurance Holding Company LLC is also 49% owned by Banner Health.

*5 Allina Health and Aetna Insurance Holding Company LLC is also 50% owned by Allina Health.

*6 Sutter Health and Aetna Insurance Holding Company LLC is also 50% owned by Sutter Health Plan Products Organization, LLC.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

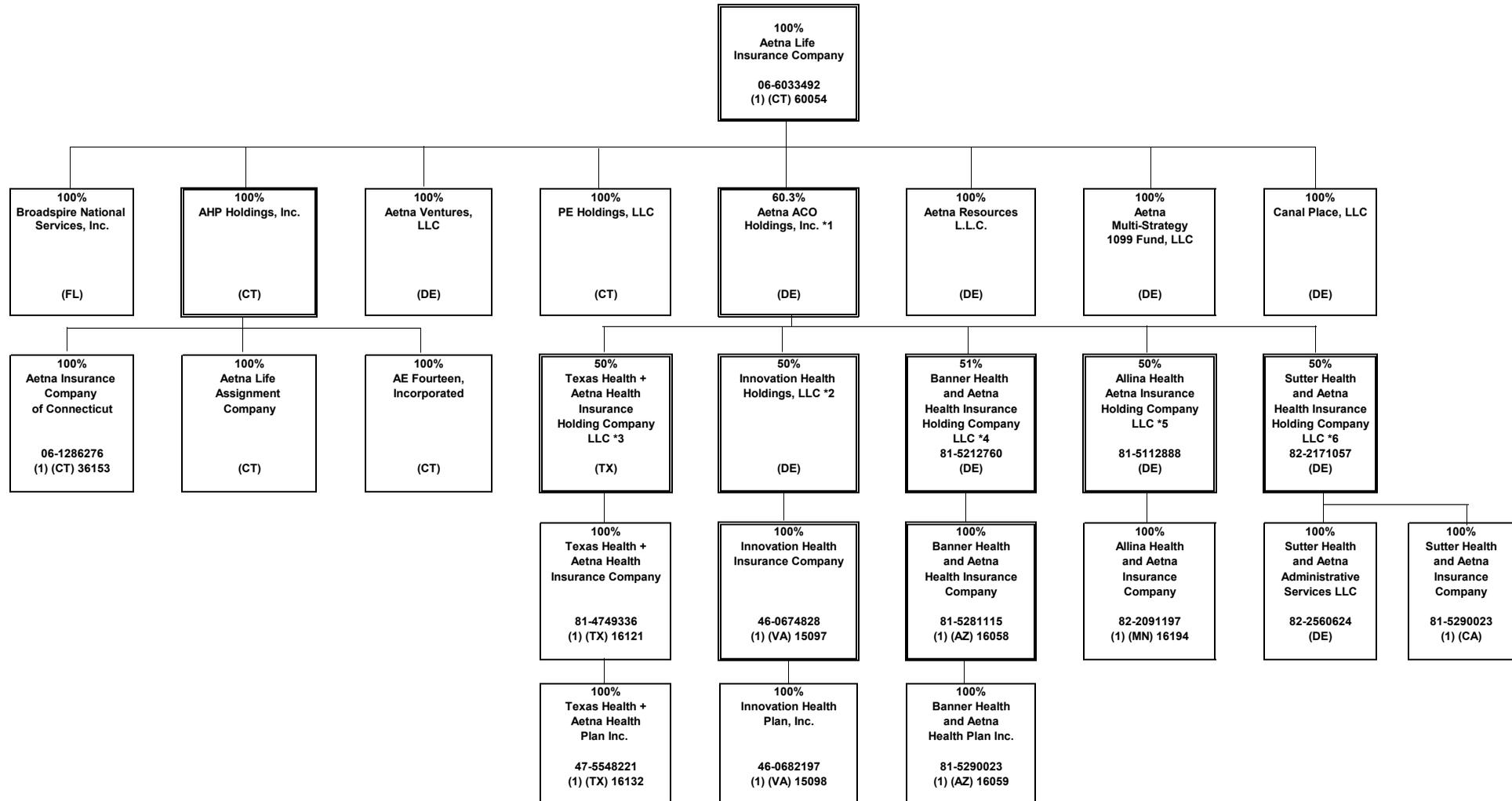
PART 1 - ORGANIZATIONAL CHART



* Aetna Life Insurance Company owns substantially all of the non-managing member interests of Aetna Partners Diversified Fund, LLC.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE SilverScript Insurance Company
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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*6 Sutter Health and Aetna Insurance Holding Company LLC is also 50% owned by Sutter Health Plan Products Organization, LLC.

OVERFLOW PAGE FOR WRITE-INS

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