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ANNUAL STATEMENT

For the Year Ending DECEMBER 31, 2016
OF THE CONDITION AND AFFAIRS OF THE
Neighborhood Health Plan of Rhode Island

NAIC Group Code 0000 , 0000 NAIC Company Code 95402 Employer's ID Number 05-0477052
(Current Period) (Prior Period)
Organized under the Laws of Rhode Island , State of Domicile or Port of Entry RI
Country of Domicile United States of America
Licensed as business type: Life, Accident & Health[] Property/Casualty[] Hospital, Medical & Dental Service or Indemnity[]
Dental Service Corporation[] Vision Service Corporation[] Health Maintenance Organization[X]
Other[] Is HMO Federally Qualified? Yes[] No[X] N/A[]
Incorporated/Organized 12/09/1993 Commenced Business 12/01/1994
Statutory Home Office 910 Douglas Pike , Smithfield, RI, US 02917
(Street and Number) (City or Town, State, Country and Zip Code)
Main Administrative Office 910 Douglas Pike
(Street and Number) Smithfield, RI, US 02917 (401)459-6000
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)
Mail Address 910 Douglas Pike , Smithfield, RI, US 02917
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)
Primary Location of Books and Records 910 Douglas Pike
(Street and Number) Smithfield, RI, US 02917 (401)459-6000
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)
Internet Website Address http://www.nhpri.org/
Statutory Statement Contact Joanne Roux (401)459-6118
(Name) (Area Code)(Telephone Number)(Extension)
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OFFICERS

Name	Title
Peter Marino	Chief Executive Officer
Frank Meaney	Chief Financial Officer
Francisco Trilla MD	Chief Medical Officer
Shantha Diaz	Chief Operating Officer

OTHERS

Peter Bancroft, Chairman
Brenda Dowlatshahi, Secretary

Jane Hayward, Vice Chairman
Peter Walsh, Treasurer

DIRECTORS OR TRUSTEES

Merrill Thomas
Christopher Little Esq.
Peter Bancroft CPA
Charles Jones
Michael Lichtenstein
Peter Marino

Brenda Dowlatshahi
Pablo Rodriguez MD
Doris De Los Santos
William Hochstrasser-Walsh
Patricia Martinez

Raymond Joseph Lavoie Jr.
Jane Hayward
Peter Walsh
Dennis Roy
Richard Besdine MD

State of Rhode Island
County of Providence ss

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

(Signature) Peter Marino	(Signature) Frank Meaney	(Signature) Francisco Trilla, MD
(Printed Name) 1.	(Printed Name) 2.	(Printed Name) 3.
Chief Executive Officer	Chief Financial Officer	Chief Medical Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this _____ day of _____, 2017

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

Yes[X] No[]

(Notary Public Signature)

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1-2)	Net Admitted Assets
1. Bonds (Schedule D)	99,564,790		99,564,790	98,261,314
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common Stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....64,473,863, Schedule E Part 1), cash equivalents (\$.....147,976, Schedule E Part 2) and short-term investments (\$.....143,517,635, Schedule DA)	208,139,474		208,139,474	251,285,611
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities	4,117,478		4,117,478	
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	311,821,743		311,821,743	349,546,925
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	657,918		657,918	560,690
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	15,705,901		15,705,901	3,876,898
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0)	1,544,405	1,544,405		
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,292,994		1,292,994	1,080,949
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				528,704
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	1,675,789	158,087	1,517,702	957,430
21. Furniture and equipment, including health care delivery assets (\$.....0)	1,127,412	1,127,412		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$.....13,199,574) and other amounts receivable	14,058,691	859,117	13,199,574	9,487,508
25. Aggregate write-ins for other than invested assets	7,305,524	2,674,938	4,630,587	3,441,049
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	355,190,375	6,363,957	348,826,417	369,480,153
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	355,190,375	6,363,957	348,826,417	369,480,153
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Premium Tax	4,533,436		4,533,436	
2502. Prepaid Expenses	2,372,981	2,372,981		
2503. Receivable from State	97,151		97,151	
2598. Summary of remaining write-ins for Line 25 from overflow page	301,956	301,956		3,441,049
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	7,305,524	2,674,938	4,630,587	3,441,049

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	119,484,968		119,484,968	81,473,582
2. Accrued medical incentive pool and bonus amounts	4,017,508		4,017,508	1,779,863
3. Unpaid claims adjustment expenses	3,215,531		3,215,531	2,204,795
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	9,939,296		9,939,296	100,334,033
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	88,649,482		88,649,482	79,950,116
9. General expenses due or accrued	14,005,612		14,005,612	12,274,306
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	1,849,295		1,849,295	436,576
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates				
16. Derivatives				
17. Payable for securities	3,268		3,268	3,286
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$.....0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	4,953,400		4,953,400	5,461,985
23. Aggregate write-ins for other liabilities (including \$.....0 current)	5,386		5,386	5,562
24. TOTAL Liabilities (Lines 1 to 23)	246,123,746		246,123,746	283,924,104
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	102,702,671	85,556,049
32. Less treasury stock, at cost:				
32.10 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.20 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	102,702,671	85,556,049
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	348,826,417	369,480,153
DETAILS OF WRITE-INS				
2301. Unclaimed Property Payable	5,386		5,386	5,562
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	5,386		5,386	5,562
2501.	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	2,231,981	2,068,756
2. Net premium income (including \$.....0 non-health premium income)	X X X	1,119,659,753	1,009,429,239
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X	2,231,385	1,945,697
7. Aggregate write-ins for other non-health revenues	X X X	50	
8. TOTAL Revenues (Lines 2 to 7)	X X X	1,121,891,188	1,011,374,936
Hospital and Medical:			
9. Hospital/medical benefits		469,484,465	412,482,290
10. Other professional services		217,374,997	183,790,942
11. Outside referrals		157,043,745	91,590,176
12. Emergency room and out-of-area		40,989,636	38,689,127
13. Prescription drugs		124,911,385	104,865,354
14. Aggregate write-ins for other hospital and medical		(30,876,656)	42,795,862
15. Incentive pool, withhold adjustments and bonus amounts		6,629,774	8,870,453
16. Subtotal (Lines 9 to 15)		985,557,345	883,084,204
Less:			
17. Net reinsurance recoveries		4,069,687	2,010,475
18. TOTAL Hospital and Medical (Lines 16 minus 17)		981,487,659	881,073,729
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....16,431,148 cost containment expenses		27,159,852	23,395,147
21. General administrative expenses		93,717,742	78,880,735
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23. TOTAL Underwriting Deductions (Lines 18 through 22)		1,102,365,252	983,349,611
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	19,525,936	28,025,325
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,249,604	791,913
26. Net realized capital gains (losses) less capital gains tax of \$.....0		315,929	145,039
27. Net investment gains (losses) (Lines 25 plus 26)		1,565,533	936,952
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....1,358,596)]		(1,358,596)	(386,625)
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	19,732,873	28,575,652
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	19,732,873	28,575,652
DETAILS OF WRITE-INS			
0601. EOHHS Incentive Income	X X X	2,219,398	1,945,697
0602. Grant Revenue	X X X	11,987	
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	2,231,385	1,945,697
0701. Miscellaneous Income	X X X	50	
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X	50	
1401. Stop Loss Recoveries from EOHHS		(15,953,307)	(12,886,155)
1402. Gain Shares due to EOHHS			61,496,546
1403. CMS Cost Sharing Reduction Recoveries		(14,923,349)	(5,814,529)
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		(30,876,656)	42,795,862
2901. Miscellaneous Income			
2902. Grant Revenue			
2903. Community Health Centers Grant Expense			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	85,556,049	58,115,309
34. Net income or (loss) from Line 32	19,732,873	28,575,652
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	274,551	(68,353)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(2,860,800)	(66,558)
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		(1,000,000)
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Lines 34 to 47)	17,146,624	27,440,741
49. Capital and surplus end of reporting year (Line 33 plus 48)	102,702,673	85,556,050
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	1,025,119,680	1,089,745,868
2.	Net investment income	2,019,644	1,799,608
3.	Miscellaneous income	2,231,435	1,945,697
4.	TOTAL (Lines 1 through 3)	1,029,370,759	1,093,491,173
5.	Benefit and loss related payments	944,818,629	885,566,452
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	120,002,733	93,127,786
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	TOTAL (Lines 5 through 9)	1,064,821,362	978,694,238
11.	Net cash from operations (Line 4 minus Line 10)	(35,450,603)	114,796,935
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	56,436,308	55,583,846
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	229	9,009
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7)	56,436,537	55,592,855
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	58,016,800	58,424,344
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications	4,117,496	
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6)	62,134,296	58,424,344
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(5,697,760)	(2,831,489)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		(1,000,000)
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(1,997,774)	(1,372,659)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,997,774)	(2,372,659)
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)	(43,146,137)	109,592,787
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	251,285,611	141,692,824
19.2	End of year (Line 18 plus Line 19.1)	208,139,474	251,285,611

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

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,119,659,753	52,675,920						1,066,983,833		
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues	2,231,385							2,231,385		X X X
6. Aggregate write-ins for other non-health care related revenues	50	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	50
7. TOTAL Revenues (Lines 1 to 6)	1,121,891,188	52,675,920						1,069,215,219		50
8. Hospital/medical benefits	469,484,465	18,176,890						451,307,574		X X X
9. Other professional services	217,374,997	12,176,412						205,198,584		X X X
10. Outside referrals	157,043,745	2,046,242						154,997,502		X X X
11. Emergency room and out-of-area	40,989,636	1,512,265						39,477,372		X X X
12. Prescription drugs	124,911,385	7,916,018						116,995,367		X X X
13. Aggregate write-ins for other hospital and medical	(30,876,656)	(14,923,349)						(15,953,307)		X X X
14. Incentive pool, withhold adjustments and bonus amounts	6,629,774							6,629,774		X X X
15. Subtotal (Lines 8 to 14)	985,557,345	26,904,479						958,652,866		X X X
16. Net reinsurance recoveries	4,069,687	822,205						3,247,482		X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16)	981,487,659	26,082,274						955,405,384		X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$.....16,431,148 cost containment expenses	27,159,852	789,209						26,370,643		
20. General administrative expenses	93,717,742	12,302,083						81,415,659		
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. TOTAL Underwriting Deductions (Lines 17 to 22)	1,102,365,252	39,173,566						1,063,191,686		
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	19,525,936	13,502,353						6,023,533		50
DETAILS OF WRITE-INS										
0501. EOHHS Incentive Income	2,219,398							2,219,398		X X X
0502. Grant Revenue	11,987							11,987		X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page										X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	2,231,385							2,231,385		X X X
0601. Miscellaneous Income	50	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	50
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	50	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	50
1301. Stop Loss Recoveries from EOHHS	(15,953,307)							(15,953,307)		X X X
1302.										X X X
1303. CMS Cost Sharing Reduction Recoveries	(14,923,349)	(14,923,349)								X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	(30,876,656)	(14,923,349)						(15,953,307)		X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

		1	2	3	4
	Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical)	53,315,606		639,687	52,675,920
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid	1,069,632,405		2,648,571	1,066,983,833
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	1,122,948,011		3,288,258	1,119,659,753
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	1,122,948,011		3,288,258	1,119,659,753

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	944,284,142	24,264,961						920,019,181		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	3,857,643	1,277,788						2,579,855		
1.4 Net	940,426,499	22,987,173						917,439,326		
2. Paid medical incentive pools and bonuses	4,392,128							4,392,128		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	119,484,968	8,631,844						110,853,125		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	119,484,968	8,631,844						110,853,125		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	4,017,508							4,017,508		
6. Net healthcare receivables (a)	3,367,958	293,487						3,074,471		
7. Amounts recoverable from reinsurers December 31, current year	1,292,994	625,366						667,628		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	81,473,580	5,702,119						75,771,461		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	81,473,580	5,702,119						75,771,461		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	1,779,863							1,779,863		
11. Amounts recoverable from reinsurers December 31, prior year	1,080,949	1,080,949								
12. Incurred benefits:										
12.1 Direct	978,927,573	26,901,199						952,026,374		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	4,069,688	822,205						3,247,483		
12.4 Net	974,857,885	26,078,994						948,778,891		
13. Incurred medical incentive pools and bonuses	6,629,773							6,629,773		

(a) Excludes \$.....488,949 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	12,091,620	870,574						11,221,047		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	12,091,620	870,574						11,221,047		
2. Incurred but Unreported:										
2.1 Direct	107,393,348	7,761,270						99,632,078		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	107,393,348	7,761,270						99,632,078		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	119,484,968	8,631,844						110,853,125		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	119,484,968	8,631,844						110,853,125		

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical)	(562,924)	24,005,680	779,437	7,855,688	216,513	5,702,119
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	78,147,296	838,624,403	760,557	110,089,286	78,907,853	75,771,461
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	77,584,372	862,630,083	1,539,993	117,944,974	79,124,365	81,473,580
10.	Healthcare receivables (a)	88,187	13,481,554			88,187	10,201,783
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	2,451,166	1,940,963		4,017,508	2,451,166	1,779,863
13.	TOTALS (Lines 9 - 10 + 11 + 12)	79,947,351	851,089,491	1,539,993	121,962,482	81,487,345	73,051,660

(a) Excludes \$.....488,949 loans or advances to providers not yet expensed.

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	39,619	39,915	39,429	39,294	39,294
2.	2012	343,870	375,957	375,790	375,671	375,342
3.	2013	X X X	347,000	383,600	383,621	383,370
4.	2014	X X X	X X X	721,291	792,183	792,133
5.	2015	X X X	X X X	X X X	807,565	888,231
6.	2016	X X X	X X X	X X X	X X X	861,203

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	40,750	40,326	39,429	39,294	39,294
2.	2012	381,584	375,968	375,790	375,671	375,342
3.	2013	X X X	387,241	383,891	383,519	383,370
4.	2014	X X X	X X X	801,302	792,183	792,133
5.	2015	X X X	X X X	X X X	890,819	889,770
6.	2016	X X X	X X X	X X X	X X X	983,166

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2012	425,981	375,342	11,350	3.024	386,692	90.777			386,692	90.777
2. 2013	426,399	383,370	12,258	3.197	395,628	92.784			395,628	92.784
3. 2014	892,604	792,133	19,418	2.451	811,551	90.920			811,551	90.920
4. 2015	1,009,430	888,231	23,702	2.668	911,933	90.341	1,539	41	913,513	90.498
5. 2016	1,119,660	861,203	22,647	2.630	883,850	78.939	121,963	3,175	1,008,988	90.116

12 Total

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

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	X X X			102	102
4. 2014	X X X	X X X	1,666	1,743	1,678
5. 2015	X X X	X X X	X X X	23,827	23,329
6. 2016	X X X	X X X	X X X	X X X	23,712

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	X X X				102
4. 2014	X X X	X X X	1,850	1,743	1,678
5. 2015	X X X	X X X	X X X	29,529	24,108
6. 2016	X X X	X X X	X X X	X X X	31,568

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2012										
2. 2013		102			102				102	
3. 2014	2,441	1,678	241	14.374	1,919	78.624			1,919	78.624
4. 2015	42,649	23,329	274	1.174	23,603	55.342	779	21	24,403	57.218
5. 2016	52,676	23,712	647	2.728	24,359	46.243	7,856	211	32,426	61.557

12 Hospital and Medical

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare NONE

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

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	39,619	39,915	39,429	39,294	39,294
2. 2012	343,870	375,957	375,790	375,671	375,342
3. 2013	X X X	347,000	383,600	383,519	383,268
4. 2014	X X X	X X X	719,625	790,440	790,455
5. 2015	X X X	X X X	X X X	783,738	864,902
6. 2016	X X X	X X X	X X X	X X X	837,491

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	40,750	40,326	39,429	39,294	39,294
2. 2012	381,584	375,968	375,790	375,671	375,342
3. 2013	X X X	387,241	383,891	383,519	383,268
4. 2014	X X X	X X X	799,452	790,440	790,455
5. 2015	X X X	X X X	X X X	861,290	865,662
6. 2016	X X X	X X X	X X X	X X X	951,598

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2012	425,981	375,342	11,350	3.024	386,692	90.777			386,692	90.777
2. 2013	426,399	383,268	12,258	3.198	395,526	92.760			395,526	92.760
3. 2014	890,163	790,455	19,177	2.426	809,632	90.953			809,632	90.953
4. 2015	966,781	864,902	23,428	2.709	888,330	91.885	760	20	889,110	91.966
5. 2016	1,066,984	837,491	22,000	2.627	859,491	80.553	114,107	2,964	976,562	91.525

12 Title XIX-Medicaid

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

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013					
4. 2014					
5. 2015			X X X		
6. 2016	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013					
4. 2014					
5. 2015			X X X		
6. 2016	X X X	X X X	X X X	X X X	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2012										
2. 2013										
3. 2014										
4. 2015										
5. 2016										

12 Other

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income)	2,712,122	171,652						2,540,470	
5. Aggregate write-ins for other policy reserves	7,227,174	7,227,174							
6. TOTALS (Gross)	9,939,296	7,398,826						2,540,470	
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	9,939,296	7,398,826						2,540,470	
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. TOTALS (Gross)									
13. Reinsurance ceded									
14. TOTALS (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501. Risk Adjustment Liability	7,227,174	7,227,174							
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	7,227,174	7,227,174							
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	475,680	318,478	2,648,718		3,442,876
2. Salaries, wages and other benefits	7,708,830	5,045,634	26,685,047		39,439,511
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)					
4. Legal fees and expenses	15,643	10,473	87,103		113,219
5. Certifications and accreditation fees			20,103		20,103
6. Auditing, actuarial and other consulting services	1,423,253	952,899	7,925,063		10,301,215
7. Traveling expenses	64,192	42,978	357,438		464,608
8. Marketing and advertising	441,084	295,315	2,456,076		3,192,475
9. Postage, express and telephone	73,826	49,428	411,082		534,336
10. Printing and office supplies	642,341	430,061	3,576,730		4,649,132
11. Occupancy, depreciation and amortization	184,580	123,580	1,027,790		1,335,950
12. Equipment	181,155	121,287	1,008,719		1,311,161
13. Cost or depreciation of EDP equipment and software	699,284	468,168	3,893,803		5,061,255
14. Outsourced services including EDP, claims, and other services	3,111,373	2,083,131	17,324,978		22,519,482
15. Boards, bureaus and association fees	91,523	61,277	509,625		662,425
16. Insurance, except on real estate	157,475	105,433	876,863		1,139,771
17. Collection and bank service charges	69,171	46,312	385,164		500,647
18. Group service and administration fees					
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			(1,999,152)		(1,999,152)
23.2 State premium taxes			21,092,334		21,092,334
23.3 Regulatory authority licenses and fees	358,431	239,977	1,995,840		2,594,248
23.4 Payroll taxes	733,307	213,155	1,988,937		2,935,399
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				294,225	294,225
25. Aggregate write-ins for expenses		121,118	1,445,482		1,566,600
26. TOTAL Expenses Incurred (Lines 1 to 25)	16,431,148	10,728,704	93,717,743	294,225	(a) 121,171,820
27. Less expenses unpaid December 31, current year		2,479,877	14,005,612		16,485,489
28. Add expenses unpaid December 31, prior year		2,204,795	12,274,306		14,479,101
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	16,431,148	10,453,622	91,986,437	294,225	119,165,432
DETAILS OF WRITE-INS					
2501. Conferences, Training, and Tuition		78,086	766,058		844,144
2502. Recruitment Fees		20,625	202,339		222,964
2503. Meeting		22,407	219,823		242,230
2598. Summary of remaining write-ins for Line 25 from overflow page			257,262		257,262
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)		121,118	1,445,482		1,566,600

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 495,634	523,325
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 985,231	715,940
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) 253,814	305,262
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. TOTAL Gross investment income	1,734,678	1,544,527
11. Investment expenses		(g) 294,225
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 698
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. TOTAL Deductions (Lines 11 through 15)		294,923
17. Net Investment income (Line 10 minus Line 16)		1,249,604

DETAILS OF WRITE-INS

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

- (a) Includes \$ 60,628 accrual of discount less \$ 927,895 amortization of premium and less \$ 188,689 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 22,768 accrual of discount less \$ 64,725 amortization of premium and less \$ 53,972 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	343,988		343,988	274,551	
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	(28,288)		(28,288)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	229		229		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. TOTAL Capital gains (losses)	315,929		315,929	274,551	

DETAILS OF WRITE-INS

0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Invested income due and accrued			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination	1,544,405		(1,544,405)
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	158,087		(158,087)
21. Furniture and equipment, including health care delivery assets	1,127,412	787,638	(339,774)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	859,117	1,322,607	463,490
25. Aggregate write-ins for other than invested assets	2,674,938	1,392,912	(1,282,026)
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	6,363,957	3,503,157	(2,860,800)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. TOTAL (Lines 26 and 27)	6,363,957	3,503,157	(2,860,800)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Prepaid Premium Taxes			
2502. Prepaid Expenses	2,372,981	1,064,586	(1,308,395)
2503. Receivable from State			
2598. Summary of remaining write-ins for Line 25 from overflow page	301,956	328,326	26,370
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,674,938	1,392,912	(1,282,026)

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	178,418	184,530	185,554	189,879	192,678	2,231,981
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	178,418	184,530	185,554	189,879	192,678	2,231,981
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Neighborhood Health Plan of Rhode Island (the “Company” or “Neighborhood”) have been prepared in conformity with accounting practices prescribed or permitted by the state of Rhode Island for determining and reporting the financial conditions and results of operations of an insurance company for determining its solvency under Rhode Island Insurance law. The National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures Manual, (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the state of Rhode Island.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Rhode Island is shown below:

		SSAP #	F/S Page	F/S Line #	2016	2015
<u>NET INCOME</u>						
(1)	State basis (Page 4, Line 32, Columns 2 & 3)				19,732,872	28,575,651
(2)	State Prescribed Practices that increase/(decrease) NAIC SAP:					
(201)						
(299)	Total				0	0
(3)	State Permitted Practices that increase/(decrease) NAIC SAP:					
(301)						
(399)	Total				0	0
(4)	NAIC SAP (1-2-3=4)				19,732,872	28,575,651
<u>SURPLUS</u>						
(5)	State basis (Page 3, Line 33, Columns 3 & 4)				102,702,671	85,556,048
(6)	State Prescribed Practices that increase/(decrease) NAIC SAP:					
(601)						
(699)	Total				0	0
(7)	State Permitted Practices that increase/(decrease) NAIC SAP:					
(701)						
(799)	Total				0	0
(8)	NAIC SAP (5-6-7=8)				102,702,671	85,556,048

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

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

C. Accounting Policy

Health capitation premiums are recognized in the period members are entitled to related health care services. Health care service costs and the related liabilities for claims payable are recorded when medical services are authorized, as well as when services are provided without authorization to the extent such services are expected to be ultimately authorized. Expenses are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amortized cost using the scientific interest method.
- (3) The Company had no common stock.

Notes to Financial Statements

(4) The Company had no preferred stock.

(5) The Company had no mortgage loans.

(6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value.

(7) The Company had no investments in parent, subsidiary or affiliates.

(8) The Company had no investments in joint ventures, partnership, and limited liability companies based on the underlying GAAP equity of the investee.

(9) The Company had no derivatives.

(10) The Company does utilize anticipated investment income as a factor in the premium deficiency calculation.

(11) Unpaid losses and loss adjustment expenses include amounts determined from claims estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

(12) The Company's capitalization policy has not changed.

(13) The Company's pharmaceutical rebate receivables are estimated based on a historical percentage of gross pharmaceutical claims methodology.

D. Going Concern

None

2. Accounting Changes and 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

A. Discontinued Operation Disposed of or Classified as Health for Sale – None

B. Change in Plan of Sale of Discontinued Operation – None

C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal – None

D. Equity Interest Retained in Discontinued Operation After Disposal - 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. Repurchase Agreements and/or Securities Lending Transactions – None

F. Real Estate – None

G. Low-income housing tax credits (LIHTC) – None

Notes to Financial Statements

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1	2	3	4	5	6	7
	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$%%
b. Collateral held under security lending agreements
c. Subject to repurchase agreements
d. Subject to reverse repurchase agreements
e. Subject to dollar repurchase agreements
f. Subject to dollar reverse repurchase agreements
g. Placed under option contracts
h. Letter stock or securities restricted as to sale- excluding FHLB capital stock
i. FHLB capital stock
j. On deposit with states	82,874,847	81,146,212	1,728,635		82,874,847	23.303%	23.728%
k. On deposit with other regulatory bodies
l. Pledged as collateral to FHLB (including assets backing funding agreements)
m. Pledged as collateral not captured in other categories
n. Other restricted assets
o. Total Restricted Assets	\$ 82,874,847	\$ 81,146,212	\$ 1,728,635		\$ 82,874,847	23.303%	23.728%

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories – None

(3) Detail of Other Restricted Assets – None

I. Working Capital Finance Investments – None

J. Offsetting and Netting of Assets and Liabilities – None

Notes to Financial Statements

K. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage Referenced Security (Yes/No)
912810FR4	553,572.14	540,832.29	551,575.24	NO
912810FR4	105,580.51	103,156.02	105,200.32	NO
912810FS2	69,034.75	68,662.82	68,943.37	NO
912810FS2	367,243.98	365,286.20	366,759.02	NO
912810PS1	163,257.87	157,456.17	163,051.04	NO
912810PS1	30,609.21	29,523.03	30,570.34	NO
912828B25	1,101,576.62	1,128,052.36	1,124,010.32	NO
912828B25	221,878.78	223,711.04	224,673.80	NO
912828C99	296,048.13	301,058.07	299,035.82	NO
912828C99	1,556,353.83	1,587,872.27	1,576,767.73	NO
912828H45	241,431.76	239,056.57	245,348.24	NO
912828H45	1,262,122.01	1,249,522.58	1,282,561.10	NO
912828HN3	64,077.97	61,622.67	61,556.43	NO
912828HN3	321,146.66	311,668.51	310,936.68	NO
912828JE1	79,314.41	79,175.93	78,757.11	NO
912828JE1	419,899.83	419,166.70	416,949.43	NO
912828JX9	40,308.32	40,475.40	39,900.57	NO
912828JX9	216,953.60	217,852.88	214,758.94	NO
912828K33	199,456.58	202,485.65	202,911.88	NO
912828K33	1,049,776.30	1,065,659.00	1,067,895.81	NO
912828LA6	83,415.40	80,852.47	80,404.14	NO
912828LA6	424,077.52	412,709.63	410,027.17	NO
912828MF4	54,783.16	54,144.42	54,168.13	NO
912828MF4	295,317.93	296,617.27	294,736.96	NO
912828N71	223,352.85	222,780.96	226,025.73	NO
912828N71	1,180,567.58	1,177,556.50	1,194,708.42	NO
912828NM8	113,731.84	114,830.74	113,293.89	NO
912828NM8	613,045.27	622,195.15	612,754.96	NO
912828PP9	157,979.54	156,700.17	156,592.42	NO
912828PP9	830,572.94	839,216.48	832,007.13	NO
912828QV5	1,029,734.03	1,052,924.27	1,047,355.16	NO
912828QV5	197,517.44	198,393.10	198,321.69	NO
912828S50	465,449.81	445,866.89	467,753.62	NO
912828S50	87,588.45	83,904.93	88,021.91	NO
912828SA9	1,133,957.21	1,180,837.23	1,173,779.93	NO
912828SA9	217,642.30	221,808.81	222,084.28	NO
912828SQ4	45,079.40	44,824.08	44,829.66	NO
912828SQ4	225,126.37	225,187.66	225,216.60	NO
912828TE0	222,753.39	226,876.63	227,203.37	NO
912828TE0	1,201,907.21	1,199,808.06	1,225,010.55	NO
912828UH1	175,823.69	179,041.64	179,960.98	NO
912828UH1	935,897.36	947,255.18	964,223.33	NO
912828UX6	290,481.12	290,438.61	290,673.51	NO
912828UX6	1,522,013.19	1,546,189.55	1,543,587.22	NO
912828VM9	183,416.27	185,733.25	186,454.66	NO
912828VM9	938,234.32	982,182.62	970,375.78	NO
912828WU0	1,246,698.25	1,276,580.16	1,272,480.31	NO
912828WU0	234,407.84	240,297.44	239,302.47	NO
912828XL9	193,260.64	191,959.54	196,663.86	NO
912828XL9	<u>1,032,495.04</u>	<u>1,025,441.91</u>	<u>1,050,674.66</u>	NO
	23,915,971	24,115,452	24,220,856	XXX

Notes to Financial Statements

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company does not have any Joint Ventures, Partnerships and Limited Liability Companies that exceed 10% of the admitted assets.
- B. The Company does not have any impaired Joint Ventures, Partnerships and Limited Liability Companies.

7. Investment Income

- A. All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default are excluded from surplus.
- B. The Company had no investment income due and accrued excluded from surplus.

8. Derivative Instruments

None

9. Income Taxes

None

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

A, B, C & D

A Neighborhood bylaw includes certain Rhode Island Community Health Centers to be "Members of the Corporation" so long as specific criteria continue to be met, which includes having in effect with Neighborhood a contract to provide health care services for Neighborhood's enrollees in exchange for payment. Contracts entered into by and between Neighborhood and the Members of the Corporation provide for capitation-based reimbursement to manage and deliver primary care medical services and fee-for-service based reimbursement to deliver other medical services. For the years ended December 31, 2015 and 2016, medical and hospital expenses included \$29,142,061 and \$38,853,866, respectively, for medical services provided, and incentive arrangements earned, by such Members of the Corporation. At December 31, 2015 and 2016 accrued incentives in the amount of \$1,779,863 and \$4,017,508 were due to members of the Corporation.

- E. Guarantees - None
- F. Material management contracts – None
- G. Common Control – None
- H. Deductions in Value – There have been no deductions in value between affiliated companies.
- I. SCA that exceed 10% of Admitted Assets – None
- J. Impaired SCAs – None
- K. Foreign Subsidiary – None
- L. Downstream Noninsurance Holding Company – None
- M. Non-Insurance SCA Investments - None
- N. Investment in Insurance SCA – None

11. Debt

- A. Debt – None
- B. FHLB (Federal Home Loan Bank) Agreements – None

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

- A. Defined Benefit Plan - None
- B. Investment Policies and Strategies – None
- C. Plan Assets – None

Notes to Financial Statements

- D. Long-term Rate-of-return-on-assets Assumption - None
- E. Defined Contribution Plans - Neighborhood sponsors a Safe Harbor 401(k) Profit Sharing Plan and Trust (the Plan) covering employees meeting certain age and length of service requirements. Neighborhood matches one hundred percent of the first three percent of a participant's eligible compensation and fifty percent of the next two percent of a participant's eligible compensation contribution. Employer contributions to the Plan included in administrative expenses, totaled \$902,744 and \$1,008,535 for the years ended December 31, 2015 and 2016, respectively. At December 31, 2016, the fair value of plan assets was \$20,759,514.
- F. Multi-Employer Plan – None
- G. Consolidated/Holding Company Plans – None
- H. Post-Employment Benefits and Compensated Absences – None
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – None

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

- (1) The Company has no common stock issued or outstanding.
- (2) The Company has no preferred stock issued or outstanding.
- (3) No dividends can be issued since the Company is not a stock company.
- (4) None.
- (5) None.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being paid.
- (7) The Company has no advances to surplus not repaid.
- (8) The Company held no stock.
- (9) There were no changes to the balances of any special surplus funds from the prior year.
- (10) Portion of unassigned funds represented or reduced by unrealized gains or losses is \$586,125.
- (11) Surplus Notes - None
- (12) and (13) There have been no quasi-reorganizations.

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 – None

15. Leases

- A. Lessee Operating Lease –
 - (1) On July 16, 2003, Neighborhood entered into a 10 year operating lease agreement with Foundry Parcel Six Associates, LLC to lease approximately 44,328 sq feet of office space. On August 23, 2005, both parties entered into an agreement to amend that lease to include an additional 6,100 sq feet of office space. Construction, and occupation, of the expanded space was completed in March 2006. The termination date of the amended lease, July 2013, is the same as the original lease (the 2003 lease.)

In September 2007, Neighborhood entered into a second operating lease with Foundry Parcel Six Associates, LLC to lease an additional 10,612 sq feet of office space. Construction, and occupation, was completed in June 2008. The lease term is from July 2008 to July 2013 (the 2007 lease.)

Notes to Financial Statements

On December 31, 2010 Neighborhood and Foundry Parcel Six Associates, LLC entered into an agreement to amend each of the two existing leases (the 2003 and 2007 leases above) extending the terms and conditions of the leases an additional three (3) years and five (5) months through December 31, 2016. On December 31, 2013 Neighborhood and Foundry Parcel Six Associates, LLC entered into an agreement to amend these leases, extending the terms and conditions for an additional four (4) years through December 31, 2020. Neighborhood has the option to extend both leases for one (1) additional five (5) year term.

On August 1, 2012 Neighborhood and Foundry Parcel Five Associates, LLC entered into an agreement to lease approximately 6,938 sq. feet of office space. Construction and occupancy was completed in December 2012. The lease term is from the occupancy date, December 1, 2012 to December 31, 2016 (the 2012 lease.) Neighborhood has the option to extend the lease for one (1) term of five (5) years at the same provisions except for the annual base rent. The base rent will be an agreed upon estimate of fair market value at the time of the exercised option. On December 31, 2013 Neighborhood and Foundry Parcel Five Associates, LLC entered into an agreement to amend this lease (the 2012 lease) extending the terms additional four (4) years through December 31, 2020. The option to extend the lease for one (1) term of five years remains in effect after December 31, 2020.

Included in this amendment is an option for Neighborhood to lease an additional 5,966 sq. feet of office space commencing on July 1, 2014. In February 2014 Neighborhood exercised the option for the additional space. The terms and conditions for the additional space are the same as the December 31, 2013 amendment. On October 31, 2013 Neighborhood entered into a sublease agreement with The Northwestern Mutual Life Insurance Company to sublease approximately 9,250 sq. feet of office space. The term for this sublease is from January 2014 to December 2018. Construction and occupation was completed in February, 2014. There are no options to extend the lease.

In December 2015 the Company entered into a lease with Smithfield Office Center LLC to rent out administrative office space through November 2025.

In addition to base rent, Neighborhood pays to Foundry Parcel Six Associates, LLC and Foundry Parcel Five Associates, LLC increases in real estate taxes and operating expenses over the base year amounts, as well as maintenance and insurance costs on all leases and subleases. Neighborhood also pays to Northwestern Mutual Life Insurance Company a square footage percentage of electricity costs based on the total rentable space.

The above operating leases (excluding the sublease) require Neighborhood to pay the lessor security deposits of \$59,465, \$19,898 and \$12,141 on the 2003, 2007 and 2012 leases respectively. The security deposits, together with any and all accrued interest, will be held by the lessor during the term of the leases.

Minimum rent expense related to the leases totaled approximately \$1,882,782 and \$2,424,434 for the years ended December 31, 2015 and 2016 respectively.

At December 31, 2016 the annual minimum future lease payments under all non-cancelable operating leases with Foundry Parcel Six Associates, LLC, and Foundry Parcel Five Associates, LLC, and Northwestern Mutual Life Insurance Company, excluding real estate taxes and operating expenses, are \$19,009,014.

(2) a. At January 1, 2017, the minimum aggregate rental commitments are as follows:

	Year Ending December 31	Operating Leases
1	2017	2,709,008
2	2018	2,732,195
3	2019	2,625,080
4	2020	3,213,275
5	2021	1,512,338
6	There After	6,217,119
7	Total	19,009,014

b. 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

Notes to Financial Statements

- A. ASO Plans – None
- B. ASC Plans - None
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract – None

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

None

20. Fair Value Measurements

A.

(1) Fair Value Measurements at Reporting Date - During the year of 2016, Neighborhood did not report any assets or liabilities at fair value by using Level 1, level 2 and level 3 measures after initial recognition. Level 1 measurement is the unadjusted quoted price for identical assets or liabilities in active markets accessible at the measurement date, Level 2 measurement requires significant other observable inputs, and Level 3 requires significant unobservable inputs. Neighborhood's investments, comprised principally of bonds, are recorded at amortized cost.

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy - None

(3) The Company's policy for determining when transfers between levels are recognized is determined at the end of the reporting period.

(4) The valuation techniques and inputs used in the fair value measurement Level 2: The fair value of most securities is priced automatically through Neighborhood's primary pricing vendor: Interactive Data Pricing and Reference Data, Inc., and other industry leading pricing sources like Bloomberg and PricingDirect Inc. In the event an automated price is not available from pricing vendors, other pricing sources, like investment managers and brokers, are used to ensure accurate and timely pricing.

The valuation techniques and inputs used in the fair value measurement Level 3: not applicable.

(5) Derivative assets and liabilities- None

B. Fair Value Information under SSAP No. 100 combined with Fair Value information Under Other Account Pronouncements – None

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$98,791,144	\$99,564,790		\$98,791,144		
Short-term Investments	\$143,517,635	\$143,517,635		\$143,517,635		

D. Not Practicable to Estimate Fair Value – None

21. Other Items

- A. Unusual and Infrequent Items – None
- B. Troubled Debt Restructuring – 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
- G. Retained Assets – None
- H. Insurance-Linked Securities – None

22. Events Subsequent

Notes to Financial Statements

Type I. – Recognized Subsequent Events

Subsequent events have been considered through February 28, 2017 for the statutory statement issued on December 31, 2016.

None

Type II. – Nonrecognized Subsequent Events

Subsequent events have been considered through February 28, 2017 for the statutory statement issued on December 31, 2016.

On January 1, 2017, the Company will not be subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA) due to the percentage of Medicaid business being over 80% of total premiums.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (x)

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (x)

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (x)

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (x)

Section 3 – Ceded Reinsurance Report – Part B – None

B. Uncollectible Reinsurance – None

C. Commutation of Ceded Reinsurance – None

D. Certified Reinsurer Downgraded or Status Subject to Revocation – None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. The Company has no accrued retrospective rated contracts or contracts subject to redetermination.

B. The Company has no accrued retrospective rated contracts or contracts subject to redetermination.

C. The Company has no accrued retrospective rated contracts or contracts subject to redetermination.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act - None

		1	2	3	4	5
	Description	Individual	Small Group Employer	Large Group Employer	Other Categories with rebates	Total
	Prior Reporting Year					
1.	Medical Loss Ratio Rebates Incurred	\$0	\$0	\$0	\$0	\$0
2.	Medical Loss Ratio Rebates Paid	\$0	\$0	\$0	\$0	\$0

Notes to Financial Statements

3.	Medical Loss Ratio Rebates Unpaid	\$0	\$0	\$0	\$0	\$0
4.	Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$0
5.	Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$0
6.	Rebates Unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$0
Current Reporting Year-to-Date						
7.	Medical Loss Ratio Rebates Incurred	\$0	\$0	\$0	\$0	\$0
8.	Medical Loss Ratio Rebates Paid	\$0	\$0	\$0	\$0	\$0
9.	Medical Loss Ratio Rebates Unpaid	\$0	\$0	\$0	\$0	\$0
10.	Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$0
11.	Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$0
12.	Rebates Unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$0

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

(1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? Yes

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

AMOUNT

a. Permanent ACA Risk Adjustment Program

Assets

1. Premium adjustments receivable due to ACA Risk Adjustment 0

Liabilities

2. Risk adjustment user fees payable for ACA Risk Adjustment 15,472

3. Premium adjustments payable due to ACA Risk Adjustment 7,227,174

Operations (Revenue & Expense)

4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment (393,851)

5. Reported in expenses as ACA risk adjustment user fees (incurred/paid) 15,458

b. Transitional ACA Reinsurance Program

Assets

1. Amounts recoverable for claims paid due to ACA Reinsurance 625,366

2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability) 0

3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance 0

Liabilities

4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium

5. Ceded reinsurance premiums payable due to ACA Reinsurance 0

6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance

Operations (Revenue & Expense)

7. Ceded reinsurance premiums due to ACA Reinsurance 311,151

8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments 822,205

9. ACA Reinsurance contributions – not reported as ceded premium 153,283

c. Temporary ACA Risk Corridors Program

Assets

1. Accrued retrospective premium due to ACA Risk Corridors 0

Liabilities

2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors 171,652

Operations (Revenue & Expense)

3. Effect of ACA Risk Corridors on net premium income (paid/received) (5,614,069)

4. Effect of ACA Risk Corridors on change in reserves for rate credits 0

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

	Accrued During the Prior Year on Business Written	Received or Paid as of the Current Year on Business	Differences	Adjustments	Unsettled Balances as of the Reporting Date
--	---	---	-------------	-------------	---

Notes to Financial Statements

	Before December 31 of the Prior Year		Written Before December 31 of the Prior Year		Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Ref	Cumulative Balance from Prior Years (Col 1 - 3 +7)	Cumulative Balance from Prior Years (Col 2 - 4 +8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	A	\$0	\$0
2. Premium adjustments (payable)	\$0	\$19,317,680	\$0	\$8,952,065	\$0	\$10,365,615	\$0	(\$10,365,615)	B	\$0	\$0
3. Subtotal ACA Permanent Risk Adjustment Program	\$0	\$19,317,680	\$0	\$8,952,065	\$0	\$10,365,615	\$0	(\$10,365,615)		\$0	\$0
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	\$1,080,949	\$0	\$1,277,788	\$0	(\$196,839)	\$0	\$595,539	\$0	C	\$398,700	\$0
2. Amounts recoverable for claims unpaid (contra liability)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	D	\$0	\$0
3. Amounts receivable relating to uninsured plans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	E	\$0	\$0
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	F	\$0	\$0
5. Ceded reinsurance premiums payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	G	\$0	\$0
6. Liability for amounts held under uninsured plans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	H	\$0	\$0
7. Subtotal ACA Transitional Reinsurance Program	\$1,080,949	\$0	\$1,277,788	\$0	(\$196,839)	\$0	\$595,539	\$0	C	\$398,700	\$0
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	\$0	\$0	\$0	\$0	\$0	\$0	\$1,544,405	\$0	I	\$1,544,405	\$0
2. Reserve for rate credits or policy experience rating refunds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	J	\$0	\$0
3. Subtotal ACA Risk Corridors Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
d. Total for ACA Risk Sharing Provisions	\$1,080,949	\$19,317,680	\$1,277,788	\$8,952,065	(\$196,839)	\$10,365,615	\$2,139,944	(\$10,365,615)		\$1,943,105	\$0

Explanations of Adjustments

A
B. Adjusted amount based on notice received from United States Department of Health and Human Services.
C Adjusted amount based on notice received from United States Department of Health and Human Services.
D
E
F
G
H
I. Accrued estimate for 2015.
J Adjustment based off of final Risk Corridor Calculation

(4) Roll Forward of ACA Risk Corridor Asset and Liability Balances

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
	1	2	3	4	Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 +7)	Cumulative Balance from Prior Years (Col 2 - 4 +8)
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
2014 Program Benefit Year Risk Corridor	0	0	0	0	0	0	0	0		0	0
2015 Program Benefit Year Risk Corridor	0	0	0	0	0	0	1,544,405	0		1,544,405	0

(5) ACA Risk Corridor Receivable:

Program Benefit Year	2014	2015	2016
Estimated amount to be filed or final amounts filed with federal agency	0	1,544,405	0
Amounts impaired or amounts not accrued for other reasons (not withstanding collectability concerns)	0	0	0
Amounts received from federal agency	0	0	0
Asset balance gross of nonadmission	0	1,544,405	0
Nonadmitted amounts	0	1,544,405	0
Net admitted assets	0	0	0

25. Changes in Incurred Losses and Loss Adjustment Expenses

Notes to Financial Statements

Reserves as of December 31, 2015 were \$85,458,240. As of December 31, 2016, \$82,240,333 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$1,539,993 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$1,677,914 favorable prior-year development since December 31, 2015 to December 31, 2016. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

In accordance with NAIC SAP Statement No. 84, the following is a summary of the required disclosures relating to pharmaceutical rebates:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2016	1,050,000				
09/30/2016	1,050,000	1,482,762			
06/30/2016	1,050,000	1,383,794		599,668	
03/31/2016	1,050,000	1,144,285		533,785	590,223
12/31/2015	1,050,000	1,203,734		558,570	626,859
09/30/2015	801,000	1,209,384		670,111	511,281
06/30/2015	801,000	1,129,744		600,300	502,443
03/31/2015	660,000	874,662		489,787	252,790
12/31/2014	473,891	748,677		528,629	186,013
09/30/2014	785,781	656,238		452,455	165,925
06/30/2014	422,465	323,562		323,562	188,421
03/31/2014	396,978	399,610		6,127	404,675

Pharmaceutical rebate receivables are estimated based on the past experience and historical trends.

B. Risk Sharing Receivables - None

29. Participating Policies

None

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$0
2. Date of the most recent evaluation of this liability	<u>12/31/2016</u>
3. Was anticipated investment income utilized in the calculation? (Yes / No)	<u>YES</u>

31. Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes [] No [X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] N/A [X]
- 1.3 State Regulating?
- 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). 11/21/2014
- 3.4 By what department or departments?
Rhode Island Department of Business Regulation, Insurance Division
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] N/A [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [X] 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]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

1 Nationality	2 Type of Entity
.....

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP, 200 Charendon Street, 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 response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the response to 10.5 is no or n/a please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Jeremy D. Palmer, Principal & Consulting Actuary, Milliman, 111 Monument Circle, Suite 601, Indianapolis, IN 46204

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company
 12.12 Number of parcels involved 0
 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [] N/A [X]
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [] N/A [X]
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001

BOARD OF DIRECTORS

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

FINANCIAL

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

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []
 24.02 If no, give full and complete information, relating thereto
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
 Not Applicable
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0
 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ 0
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]

GENERAL INTERROGATORIES (Continued)

- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes[] No[] N/A[X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of 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[X] No[]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ 0
 - 25.22 Subject to reverse repurchase agreements \$ 0
 - 25.23 Subject to dollar repurchase agreements \$ 0
 - 25.24 Subject to reverse dollar repurchase agreements \$ 0
 - 25.25 Placed under option agreements \$ 0
 - 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock \$ 0
 - 25.27 FHLB Capital Stock \$ 0
 - 25.28 On deposit with states \$ 82,874,847
 - 25.29 On deposit with other regulatory bodies \$ 0
 - 25.30 Pledged as collateral - excluding collateral pledged to an FHLB \$ 0
 - 25.31 Pledged as collateral to FHLB - including assets backing funding agreements \$ 0
 - 25.32 Other \$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

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

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

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)
Comerica Bank	411 West Lafayette, Detroit, MI 48226	Not all provisions related to safeguards and controls were included in Custodial Agreement.
RBS Citizens Bank	One Citizens Plaza, Providence, RI 02903	Not all provisions related to safeguards and controls were included in Custodial Agreement

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes[] No[X]
- 28.04 If yes, give full and complete information relating thereto:

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

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

1 Name of Firm or Individual	2 Affiliation
Income Research & Management U
RBS Citizens Bank - Private Wealth U

- 28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes[] 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.

GENERAL INTERROGATORIES (Continued)

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
104863	Income Research & Management	DRMSV1Q0EKMEXLAU1P80	SEC	DS
	RBS Citizens Bank - Private Wealth		Inv Mgr, not a registered Investment Advisor	NO

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

Yes [] No [X]

29.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	243,082,426	242,308,779	(773,647)
30.2 Preferred stocks			
30.3 Totals	243,082,426	242,308,779	(773,647)

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

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 [] N/A []

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

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?

Yes[X] No []

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$ 15,000

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
National Committee for Quality Assurance	15,000

34.1 Amount of payments for legal expenses, if any?

\$ 97,830

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

1 Name	2 Amount Paid
Chase Ruttenberg & Freedman	32,112

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$ 0

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

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

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

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	1,119,659,753	1,011,374,936
2.2 Premium Denominator	1,119,659,753	1,009,429,239
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.002
2.4 Reserve Numerator	133,441,772	183,587,478
2.5 Reserve Denominator	133,441,772	183,587,478
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
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes No
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes No N/A
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes No
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ 435,000
- 5.32 Medical Only \$ 0
- 5.33 Medicare Supplement \$ 0
- 5.34 Dental & Vision \$ 0
- 5.35 Other Limited Benefit Plan \$ 0
- 5.36 Other \$ 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
The Company has hold harmless clause with all contracted providers
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes No
- 7.2 If no, give details:
- 8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 5,480
- 8.2 Number of providers at end of reporting year 5,951
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes No
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months 0
- 9.22 Business with rate guarantees over 36 months 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes No
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 4,017,508
- 10.22 Amount actually paid for year bonuses \$ 4,392,128
- 10.23 Maximum amount payable withholds \$ 0
- 10.24 Amount actually paid for year withholds \$ 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes No
- 11.13 An Individual Practice Association (IPA), or, Yes No
- 11.14 A Mixed Model (combination of above)? Yes No
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes No
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.
Rhode Island
- 11.4 If yes, show the amount required. \$ 76,324,796
- 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.
200% of Authorized Control Level RBC

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

	1
Name of Service Area	
Rhode Island	

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

GENERAL INTERROGATORIES (Continued)

14.2 If the answer to 14.1 is yes, please provide the following:

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

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)

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

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

FIVE-YEAR HISTORICAL DATA

	1 2016	2 2015	3 2014	4 2013	5 2012
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	348,826,417	369,480,153	251,986,846	134,475,983	149,497,178
2. TOTAL Liabilities (Page 3, Line 24)	246,123,746	283,924,104	193,871,536	98,729,173	107,424,860
3. Statutory minimum capital and surplus requirement	76,324,796	68,106,626	62,512,730	30,120,474	29,968,606
4. TOTAL Capital and Surplus (Page 3, Line 33)	102,702,671	85,556,049	58,115,309	35,746,810	42,072,318
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	1,121,891,188	1,011,374,936	894,421,716	428,150,247	427,631,246
6. TOTAL Medical and Hospital Expenses (Line 18)	981,487,659	881,073,729	796,061,342	382,607,943	381,038,339
7. Claims adjustment expenses (Line 20)	27,159,852	23,395,147	18,464,974	11,650,196	11,401,859
8. TOTAL Administrative Expenses (Line 21)	93,717,742	78,880,735	59,451,842	41,314,338	33,042,029
9. Net underwriting gain (loss) (Line 24)	19,525,936	28,025,325	20,443,558	(3,122,230)	(2,150,981)
10. Net investment gain (loss) (Line 27)	1,565,533	936,952	719,765	188,974	2,407,870
11. TOTAL Other Income (Lines 28 plus 29)	(1,358,596)	(386,625)	(31,689)	(861,883)	(933,163)
12. Net income or (loss) (Line 32)	19,732,873	28,575,652	21,131,634	(3,795,139)	(676,274)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(35,450,603)	114,796,935	111,503,021	(9,221,819)	(5,774,124)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	102,702,671	85,556,049	58,115,309	35,746,810	42,072,318
15. Authorized control level risk-based capital	38,162,355	34,053,313	31,256,365	15,060,237	14,984,303
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	192,678	178,418	147,699	99,194	91,201
17. TOTAL Members Months (Column 6, Line 7)	2,231,981	2,068,756	1,662,870	1,110,948	1,099,441
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)	87.7	87.3	89.2	89.7	89.5
20. Cost containment expenses	1.5	1.4	1.1	1.4	1.8
21. Other claims adjustment expenses	1.0	1.0	1.0	1.3	0.9
22. TOTAL Underwriting Deductions (Line 23)	98.5	97.4	97.9	101.1	100.9
23. TOTAL Underwriting Gain (Loss) (Line 24)	1.7	2.8	2.3	(0.7)	(0.5)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	81,487,345	68,698,073	36,237,795	32,713,713	40,749,500
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	73,051,660	77,302,499	38,479,315	35,253,945	41,385,628
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					
33. TOTAL Investment in Parent Included in Lines 26 to 31 above					

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

If no, please explain::

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

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	L	53,315,606		1,069,632,405				1,122,948,011	
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X	53,315,606		1,069,632,405				1,122,948,011	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) ... 1	53,315,606		1,069,632,405				1,122,948,011	
DETAILS OF WRITE-INS									
58001	X X X								
58002	X X X								
58003	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

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

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation by state, premiums by state, etc.: Premiums were allocated by residence of member.

39 Schedule T - Part 2 - Interstate Compact - Exhibit of Premiums Written NONE

40 Schedule Y - Part 1 NONE

41 Schedule Y - Part 1A NONE

42 Schedule Y - Part 2 NONE

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