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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016
OF THE CONDITION AND AFFAIRS OF THE

UnitedHealthcare of New England, Inc.

NAIC Group Code 0707 (Current) 0707 (Prior) NAIC Company Code 95149 Employer's ID Number 05-0413469

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: Health Maintenance Organization

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

Incorporated/Organized 11/14/1984 Commenced Business 12/27/1984

Statutory Home Office 475 Kilvert Street, Suite 310 (Street and Number), Warwick , RI, US 02886-1392 (City or Town, State, Country and Zip Code)

Main Administrative Office 4 Research Drive, 5th Floor (Street and Number)
Shelton , CT, US 06484 (City or Town, State, Country and Zip Code), 203-447-4444 (Area Code) (Telephone Number)

Mail Address 4 Research Drive, 5th Floor (Street and Number or P.O. Box), Shelton , CT, US 06484 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 4 Research Drive, 5th Floor (Street and Number)
Shelton , CT, US 06484 (City or Town, State, Country and Zip Code), 203-447-4444 (Area Code) (Telephone Number)

Internet Website Address www.unitedhealthcare.com

Statutory Statement Contact Joseph James Dewey (Name), 203-447-4444 (Area Code) (Telephone Number)
joseph_j_dewey@uhc.com (E-mail Address), 203-447-4451 (FAX Number)

OFFICERS

President	Stephen John Farrell	Treasurer	Robert Worth Oberrender
Secretary	Christina Regina Palme-Krizak	Chief Financial Officer	Timothy John Noel

OTHER

Patrice Evelyn Cooper, Vice President, Medicaid Operations	Nyle Brent Cottington, Vice President	Heather Anastasia Lang Jacobsen, Assistant Secretary
Dennis Patrick O'Brien, Chief Executive Officer		

DIRECTORS OR TRUSTEES

Patrice Evelyn Cooper	Stephen John Farrell	Dennis Patrick O'Brien

State of Rhode Island
County of Kent
SS:

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

Stephen John Farrell President	Christina Regina Palme-Krizak Secretary	

Subscribed and sworn to before me this
30 day of January 2017

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

Claudette I. Levesque
Notary Public
May 14, 2019

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	199,827,698		199,827,698	203,825,011
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	0
2.2 Common stocks	12,626,791		12,626,791	110,367,088
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ .... encumbrances)			0	0
4.2 Properties held for the production of income (less $ .... encumbrances)			0	0
4.3 Properties held for sale (less $ .... encumbrances)			0	0
5. Cash ($ (1,160,222) , Schedule E - Part 1), cash equivalents ($ 2,996,895 , Schedule E - Part 2) and short-term investments ($ 6,961,423 , Schedule DA)	8,798,096		8,798,096	(34,797)
6. Contract loans, (including $ .... premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)			0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	221,252,585	0	221,252,585	314,157,302
13. Title plants less $ .... charged off (for Title insurers only)			0	0
14. Investment income due and accrued	1,310,648		1,310,648	1,230,553
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	18,813,553	2,099,468	16,714,085	2,913,086
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including $ .... earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums ($ ....) and contracts subject to redetermination ($ 40,273,233)	40,273,233	0	40,273,233	10,014,776
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,519,916		1,519,916	1,587,284
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts	13,052		13,052	305,312
17. Amounts receivable relating to uninsured plans	1,085,609	2,601	1,083,008	5,686,145
18.1 Current federal and foreign income tax recoverable and interest thereon	8,358,058	0	8,358,058	2,262,275
18.2 Net deferred tax asset	4,894,515		4,894,515	4,209,601
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets ($ ....)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	343,207
24. Health care ($ 16,629,726) and other amounts receivable	19,908,671	3,278,945	16,629,726	21,169,778
25. Aggregate write-ins for other than invested assets	1,440,750	31,833	1,408,917	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	318,870,590	5,412,847	313,457,743	363,879,319
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	318,870,590	5,412,847	313,457,743	363,879,319
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Premium Tax Receivable	1,408,917		1,408,917	
2502. Miscellaneous Receivables	31,833	31,833	0	0
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	1,440,750	31,833	1,408,917	0

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1	2	3	4
		Covered	Uncovered	Total	Total
1.	Claims unpaid (less $ 1,679,735 reinsurance ceded)	95,851,520		95,851,520	129,935,656
2.	Accrued medical incentive pool and bonus amounts	5,212,098		5,212,098	2,829,847
3.	Unpaid claims adjustment expenses	1,083,143		1,083,143	800,248
4.	Aggregate health policy reserves, including the liability of $ 2,015,575 for medical loss ratio rebate per the Public Health Service Act	14,827,804		14,827,804	11,308,488
5.	Aggregate life policy reserves			0	0
6.	Property/casualty unearned premium reserves			0	0
7.	Aggregate health claim reserves	628,544		628,544	285,608
8.	Premiums received in advance	43,523,413		43,523,413	40,909,457
9.	General expenses due or accrued	3,694,910		3,694,910	4,270,236
10.1	Current federal and foreign income tax payable and interest thereon (including $ 0 on realized capital gains (losses))	0		0	0
10.2	Net deferred tax liability	0		0	0
11.	Ceded reinsurance premiums payable	1,272,094		1,272,094	33,418
12.	Amounts withheld or retained for the account of others	170,525		170,525	176,900
13.	Remittances and items not allocated	10,094		10,094	26,607
14.	Borrowed money (including $ current) and interest thereon $ (including $ current)			0	0
15.	Amounts due to parent, subsidiaries and affiliates	23,921,040		23,921,040	0
16.	Derivatives			0	0
17.	Payable for securities	592,714		592,714	537,521
18.	Payable for securities lending			0	0
19.	Funds held under reinsurance treaties (with $ authorized reinsurers, $ 0 unauthorized reinsurers and $ 0 certified reinsurers)			0	0
20.	Reinsurance in unauthorized and certified ($) companies			0	0
21.	Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22.	Liability for amounts held under uninsured plans	3,634,405		3,634,405	602,361
23.	Aggregate write-ins for other liabilities (including $ 12,344 current)	12,344	0	12,344	25,010,794
24.	Total liabilities (Lines 1 to 23)	194,434,648	0	194,434,648	216,727,141
25.	Aggregate write-ins for special surplus funds	XXX	XXX	0	14,047,612
26.	Common capital stock	XXX	XXX	5,862,835	5,862,835
27.	Preferred capital stock	XXX	XXX		
28.	Gross paid in and contributed surplus	XXX	XXX	12,000,000	12,000,000
29.	Surplus notes	XXX	XXX		
30.	Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31.	Unassigned funds (surplus)	XXX	XXX	101,160,260	115,241,731
32.	Less treasury stock, at cost:				
	32.1 shares common (value included in Line 26 $)	XXX	XXX		
	32.2 shares preferred (value included in Line 27 $)	XXX	XXX		
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	119,023,095	147,152,178
34.	Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	313,457,743	363,879,319
	DETAILS OF WRITE-INS				
2301.	Unclaimed Property	12,344		12,344	10,794
2302.	Dividend Declared	0		0	25,000,000
2303.					
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399.	Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	12,344	0	12,344	25,010,794
2501.	Section 9010 ACA Subsequent Fee Year Assessment	XXX	XXX	0	14,047,612
2502.		XXX	XXX		
2503.		XXX	XXX		
2598.	Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	14,047,612
3001.		XXX	XXX		
3002.		XXX	XXX		
3003.		XXX	XXX		
3098.	Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099.	Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	XXX	1,481,654	1,337,201
2.	Net premium income (including $ non-health premium income)	XXX	799,353,543	775,873,818
3.	Change in unearned premium reserves and reserve for rate credits	XXX	67,263,001	(7,366,065)
4.	Fee-for-service (net of $ medical expenses)	XXX	0	
5.	Risk revenue	XXX	0	
6.	Aggregate write-ins for other health care related revenues	XXX	0	0
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	866,616,544	768,507,753
	Hospital and Medical:			
9.	Hospital/medical benefits		640,320,131	547,783,997
10.	Other professional services		721,882	1,281,888
11.	Outside referrals		0	
12.	Emergency room and out-of-area		0	
13.	Prescription drugs		110,489,471	98,271,457
14.	Aggregate write-ins for other hospital and medical	0	0	0
15.	Incentive pool, withhold adjustments and bonus amounts		6,952,710	4,589,649
16.	Subtotal (Lines 9 to 15)	0	758,484,194	651,926,991
	Less:			
17.	Net reinsurance recoveries		16,154,783	15,153,673
18.	Total hospital and medical (Lines 16 minus 17)	0	742,329,411	636,773,318
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including $ 19,806,369 cost containment expenses		35,545,115	33,925,904
21.	General administrative expenses		66,936,345	53,702,329
22.	Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)		0	0
23.	Total underwriting deductions (Lines 18 through 22)	0	844,810,871	724,401,551
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	21,805,673	44,106,202
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		4,632,221	4,336,627
26.	Net realized capital gains (losses) less capital gains tax of $ 462,583		834,054	856,397
27.	Net investment gains (losses) (Lines 25 plus 26)	0	5,466,275	5,193,024
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ 87,929) (amount charged off $ 480,141)]		(392,212)	(228,325)
29.	Aggregate write-ins for other income or expenses	0	0	0
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	26,879,736	49,070,901
31.	Federal and foreign income taxes incurred	XXX	14,177,124	21,555,852
32.	Net income (loss) (Lines 30 minus 31)	XXX	12,702,612	27,515,049
	DETAILS OF WRITE-INS			
0601.		XXX		
0602.		XXX		
0603		XXX		
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.		XXX		
0702.		XXX		
0703		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799.	Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.				
1402.				
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901.				
2902.				
2903				
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	147,152,178	160,742,586
34.	Net income or (loss) from Line 32	12,702,612	27,515,049
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of $		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	684,913	741,056
39.	Change in nonadmitted assets	(1,816,608)	(846,513)
40	Change in unauthorized and certified reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	0
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
	44.1 Paid in	0	0
	44.2 Transferred from surplus (Stock Dividend)	0	0
	44.3 Transferred to surplus		
45.	Surplus adjustments:		
	45.1 Paid in	0	0
	45.2 Transferred to capital (Stock Dividend)		
	45.3 Transferred from capital		
46.	Dividends to stockholders	(39,700,000)	(16,000,000)
47.	Aggregate write-ins for gains or (losses) in surplus	0	(25,000,000)
48.	Net change in capital and surplus (Lines 34 to 47)	(28,129,083)	(13,590,408)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	119,023,095	147,152,178
	DETAILS OF WRITE-INS		
4701.	Dividend Declared	0	(25,000,000)
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	(25,000,000)

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	829,059,528	776,387,041
2.	Net investment income	5,686,670	5,335,179
3.	Miscellaneous income	0	0
4.	Total (Lines 1 through 3)	834,746,198	781,722,220
5.	Benefit and loss related payments	770,056,694	616,418,868
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	96,633,226	87,150,436
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	20,735,491	28,640,396
10.	Total (Lines 5 through 9)	887,425,411	732,209,700
11.	Net cash from operations (Line 4 minus Line 10)	(52,679,213)	49,512,520
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	62,414,204	63,270,103
	12.2 Stocks	887,501,960	781,122,215
	12.3 Mortgage loans	0	0
	12.4 Real estate	0	0
	12.5 Other invested assets	0	0
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	(1,244)
	12.7 Miscellaneous proceeds	55,193	537,521
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	949,971,357	844,928,595
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	58,255,279	84,542,590
	13.2 Stocks	789,761,663	813,575,988
	13.3 Mortgage loans	0	0
	13.4 Real estate	0	0
	13.5 Other invested assets	0	0
	13.6 Miscellaneous applications	0	0
	13.7 Total investments acquired (Lines 13.1 to 13.6)	848,016,942	898,118,578
14.	Net increase (decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	101,954,415	(53,189,983)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	0	0
	16.2 Capital and paid in surplus, less treasury stock	0	0
	16.3 Borrowed funds	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
	16.5 Dividends to stockholders	64,700,000	16,000,000
	16.6 Other cash provided (applied)	24,257,691	10,256,785
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(40,442,309)	(5,743,215)
	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)	8,832,893	(9,420,677)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	(34,797)	9,385,881
	19.2 End of year (Line 18 plus Line 19.1)	8,798,096	(34,797)

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

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	799,353,543	6,641,001					352,380,455	440,332,087		
2. Change in unearned premium reserves and reserve for rate credit	67,263,001	789,465					1,470,342	65,003,194		
3. Fee-for-service (net of $ .... medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	866,616,544	7,430,466	0	0	0	0	353,850,797	505,335,281	0	0
8. Hospital/medical benefits	640,320,131	15,727,506					261,129,775	363,462,850		XXX
9. Other professional services	721,882	67,269					654,613	0		XXX
10. Outside referrals	0	0					0			XXX
11. Emergency room and out-of-area	0	0					0	0		XXX
12. Prescription drugs	110,489,471	2,452,977					13,806,954	94,229,540		XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	6,952,710	179,549					6,296,656	476,505		XXX
15. Subtotal (Lines 8 to 14)	758,484,194	18,427,301	0	0	0	0	281,887,998	458,168,895	0	XXX
16. Net reinsurance recoveries	16,154,783	11,340,595					4,731,120	83,068		XXX
17. Total medical and hospital (Lines 15 minus 16)	742,329,411	7,086,706	0	0	0	0	277,156,878	458,085,827	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $ 19,806,369 cost containment expenses	35,545,115	1,166,632					15,746,766	18,631,717		
20. General administrative expenses	66,936,345	1,506,002					32,755,058	32,675,285		
21. Increase in reserves for accident and health contracts	0	0					0	0		XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	844,810,871	9,759,340	0	0	0	0	325,658,702	509,392,829	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	21,805,673	(2,328,874)	0	0	0	0	28,192,095	(4,057,548)	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	18,829,713		12,188,712	6,641,001
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	356,610,513		4,230,058	352,380,455
7. Title XIX - Medicaid	441,479,339		1,147,253	440,332,086
8. Other health				0
9. Health subtotal (Lines 1 through 8)	816,919,565	0	17,566,023	799,353,542
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	816,919,565	0	17,566,023	799,353,542

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	782,061,909	18,642,124					258,681,375	504,738,410		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	16,467,946	11,653,082					4,407,188	407,676		
1.4 Net	765,593,963	6,989,042	0	0	0	0	254,274,187	504,330,734	0	0
2. Paid medical incentive pools and bonuses	4,462,730	90,260					4,247,296	125,174		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	97,531,256	2,014,682	0	0	0	0	48,892,658	46,623,916	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	1,679,735	727,710	0	0	0	0	811,795	140,230	0	0
3.4 Net	95,851,521	1,286,972	0	0	0	0	48,080,863	46,483,686	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	658,112	40,565					60,858	556,689		
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	29,568	25,109					4,459			
4.4 Net	628,544	15,456	0	0	0	0	56,399	556,689	0	0
5. Accrued medical incentive pools and bonuses, current year	5,212,098	48,891					4,811,877	351,330		
6. Net healthcare receivables (a)	(3,564,298)	2,818					3,874,191	(7,441,307)		
7. Amounts recoverable from reinsurers December 31, current year	1,519,916	1,112,267					407,649			
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	131,963,261	2,397,165	0	0	0	0	28,124,080	101,442,016	0	0
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	2,027,606	1,047,047	0	0	0	0	535,461	445,098	0	0
8.4 Net	129,935,655	1,350,118	0	0	0	0	27,588,619	100,996,918	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	320,830	49,636					45,278	225,916		
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	35,221	31,202					4,019			
9.4 Net	285,609	18,434	0	0	0	0	41,259	225,916	0	0
10. Accrued medical incentive pools and bonuses, prior year	2,829,847	67,331					2,762,517	(1)		
11. Amounts recoverable from reinsurers December 31, prior year	1,587,283	1,207,052					360,492	19,739		
12. Incurred Benefits:										
12.1 Direct	751,531,484	18,247,752	0	0	0	0	275,591,342	457,692,390	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	16,047,055	11,232,867	0	0	0	0	4,731,119	83,069	0	0
12.4 Net	735,484,429	7,014,885	0	0	0	0	270,860,223	457,609,321	0	0
13. Incurred medical incentive pools and bonuses	6,844,981	71,820	0	0	0	0	6,296,656	476,505	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	26,549,911	685,311					13,871,065	11,993,535		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	174,748	49,521					125,227			
1.4 Net	26,375,163	635,790	0	0	0	0	13,745,838	11,993,535	0	0
2. Incurred but Unreported:										
2.1 Direct	70,600,051	1,321,270					34,648,400	34,630,381		
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	1,504,987	678,189					686,568	140,230		
2.4 Net	69,095,064	643,081	0	0	0	0	33,961,832	34,490,151	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	381,294	8,101					373,193			
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	381,294	8,101	0	0	0	0	373,193	0	0	0
4. TOTALS:										
4.1 Direct	97,531,256	2,014,682	0	0	0	0	48,892,658	46,623,916	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	1,679,735	727,710	0	0	0	0	811,795	140,230	0	0
4.4 Net	95,851,521	1,286,972	0	0	0	0	48,080,863	46,483,686	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1	2	3	4		
Line of Business	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	785,342	6,298,486	21,412	1,281,017	806,754	1,368,551
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	20,470,875	233,756,155	838,486	47,298,775	21,309,361	27,629,878
7 Title XIX - Medicaid	83,801,390	420,549,084	967,747	46,072,628	84,769,137	101,222,833
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	105,057,607	660,603,725	1,827,645	94,652,420	106,885,252	130,221,262
10. Healthcare receivables (a)	2,554,221	16,383,417		971,034	2,554,221	23,472,969
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	3,687,931	774,799	185,684	5,026,414	3,873,615	2,829,847
13. Totals (Lines 9 - 10 + 11 + 12)	106,191,317	644,995,107	2,013,329	98,707,800	108,204,646	109,578,140

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

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

	Cumulative Net Amounts Paid				
Year in Which Losses Were Incurred	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	(907)	(775)	(776)	(735)	(735)
2. 2012	5,435	4,848	4,849	4,850	4,852
3. 2013	XXX	4,126	3,907	3,865	3,865
4. 2014	XXX	XXX	4,308	3,932	3,938
5. 2015	XXX	XXX	XXX	7,223	6,869
6. 2016	XXX	XXX	XXX	XXX	7,424

Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
Year in Which Losses Were Incurred	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	(1,143)	(775)	(776)	(735)	(735)
2. 2012	6,094	4,880	4,849	4,850	4,852
3. 2013	XXX	4,587	3,941	3,865	3,865
4. 2014	XXX	XXX	4,941	3,958	3,938
5. 2015	XXX	XXX	XXX	8,633	6,899
6. 2016	XXX	XXX	XXX	XXX	8,746

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	6,474	4,852	15	0.3	4,867	75.2			4,867	75.2
2. 2013	4,257	3,865	104	2.7	3,969	93.2			3,969	93.2
3. 2014	4,683	3,938	479	12.2	4,417	94.3			4,417	94.3
4. 2015	8,192	6,869	1,243	18.1	8,112	99.0	30		8,142	99.4
5. 2016	7,430	7,424	1,052	14.2	8,476	114.1	1,321	15	9,812	132.1

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Title XVIII

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	18,251	17,900	17,900	17,577	17,439
2.	2012	241,576	272,650	272,650	272,085	272,071
3.	2013	XXX	269,560	295,544	296,170	296,118
4.	2014	XXX	XXX	159,671	179,942	179,745
5.	2015	XXX	XXX	XXX	172,558	196,699
6.	2016	XXX	XXX	XXX	XXX	234,780

Section B - Incurred Health Claims - Title XVIII

	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	18,917	17,900	17,900	17,577	17,439
2.	2012	282,353	273,801	272,650	272,085	272,071
3.	2013	XXX	312,711	297,238	296,170	296,118
4.	2014	XXX	XXX	185,349	180,769	179,745
5.	2015	XXX	XXX	XXX	202,123	197,715
6.	2016	XXX	XXX	XXX	XXX	286,713

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

	Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2012	313,173	272,071	2,403	0.9	274,474	87.6			274,474	87.6
2.	2013	326,151	296,118	8,511	2.9	304,629	93.4			304,629	93.4
3.	2014	228,778	179,745	9,711	5.4	189,456	82.8			189,456	82.8
4.	2015	253,246	196,699	13,034	6.6	209,733	82.8	1,016	10	210,759	83.2
5.	2016	353,851	234,780	13,394	5.7	248,174	70.1	51,933	530	300,637	85.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	21,445	21,173	21,173	20,350	19,487
2.	2012	201,907	219,816	219,816	219,552	219,771
3.	2013	XXX	215,339	230,492	230,852	227,820
4.	2014	XXX	XXX	328,737	375,898	373,058
5.	2015	XXX	XXX	XXX	371,912	462,209
6.	2016	XXX	XXX	XXX	XXX	420,674

Section B - Incurred Health Claims - Title XIX

	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	27,485	21,173	21,173	20,350	19,487
2.	2012	229,567	222,322	219,816	219,552	219,771
3.	2013	XXX	238,709	231,385	230,852	227,820
4.	2014	XXX	XXX	407,486	397,270	373,058
5.	2015	XXX	XXX	XXX	451,762	463,177
6.	2016	XXX	XXX	XXX	XXX	467,098

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

	Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2012	250,599	219,771	1,873	0.9	221,644	88.4			221,644	88.4
2.	2013	255,936	227,820	7,516	3.3	235,336	92.0			235,336	92.0
3.	2014	457,848	373,058	15,848	4.2	388,906	84.9			388,906	84.9
4.	2015	507,232	462,209	20,289	4.4	482,498	95.1	968	11	483,477	95.3
5.	2016	505,335	420,674	15,216	3.6	435,890	86.3	46,424	517	482,831	95.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	38,789	38,298	38,297	37,192	36,191
2.	2012	448,918	497,314	497,315	496,487	496,693
3.	2013	XXX	489,025	529,943	530,887	527,803
4.	2014	XXX	XXX	492,716	559,772	556,741
5.	2015	XXX	XXX	XXX	551,693	665,777
6.	2016	XXX	XXX	XXX	XXX	662,878

Section B - Incurred Health Claims - Grand Total

	Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year 1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	45,259	38,298	38,297	37,192	36,191
2.	2012	518,014	501,003	497,315	496,487	496,693
3.	2013	XXX	556,007	532,564	530,887	527,803
4.	2014	XXX	XXX	597,776	581,997	556,741
5.	2015	XXX	XXX	XXX	662,518	667,790
6.	2016	XXX	XXX	XXX	XXX	762,557

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

	Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2012	570,246	496,693	4,291	0.9	500,984	87.9	0	0	500,984	87.9
2.	2013	586,344	527,803	16,131	3.1	543,934	92.8	0	0	543,934	92.8
3.	2014	691,309	556,741	26,038	4.7	582,779	84.3	0	0	582,779	84.3
4.	2015	768,670	665,777	34,566	5.2	700,343	91.1	2,014	21	702,378	91.4
5.	2016	866,616	662,878	29,662	4.5	692,540	79.9	99,678	1,062	793,280	91.5

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves	5,018	5,018							
2. Additional policy reserves (a)	0								
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $) for investment income	9,474,490						5,103,011	4,371,479	
5. Aggregate write-ins for other policy reserves	5,348,296	5,264,319	0	0	0	0	83,977	0	0
6. Totals (gross)	14,827,804	5,269,337	0	0	0	0	5,186,988	4,371,479	0
7. Reinsurance ceded	0	0							
8. Totals (Net)(Page 3, Line 4)	14,827,804	5,269,337	0	0	0	0	5,186,988	4,371,479	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	658,112	40,565					60,858	556,689	
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	658,112	40,565	0	0	0	0	60,858	556,689	0
13. Reinsurance ceded	29,568	25,109					4,459		
14. Totals (Net)(Page 3, Line 7)	628,544	15,456	0	0	0	0	56,399	556,689	0
DETAILS OF WRITE-INS									
0501. Risk Adjustment Payable	5,264,319	5,264,319							
0502. Medicare RAF Payable	83,977						83,977		
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	5,348,296	5,264,319	0	0	0	0	83,977	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ .... for occupancy of own building)	536,163	464,652	1,153,311		2,154,126
2. Salary, wages and other benefits	9,742,515	8,443,099	20,956,605		39,142,219
3. Commissions (less $ .... ceded plus $ .... assumed)			6,719,089		6,719,089
4. Legal fees and expenses	93,219	80,786	200,518		374,523
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	1,134,948	983,574	2,460,194		4,578,716
7. Traveling expenses	324,405	281,137	697,810		1,303,352
8. Marketing and advertising	639,757	554,429	1,376,147		2,570,333
9. Postage, express and telephone	631,686	547,435	1,358,786		2,537,907
10. Printing and office supplies	185,021	160,343	397,988		743,352
11. Occupancy, depreciation and amortization	207,683	179,983	446,736		834,402
12. Equipment	37,560	32,550	80,793		150,903
13. Cost or depreciation of EDP equipment and software	1,205,081	1,044,352	2,592,186		4,841,619
14. Outsourced services including EDP, claims, and other services	3,499,504	1,627,370	2,870,473		7,997,347
15. Boards, bureaus and association fees	16,924	14,667	36,405		67,996
16. Insurance, except on real estate	161,784	140,206	348,006		649,996
17. Collection and bank service charges	63,399	54,943	136,514		254,856
18. Group service and administration fees	269,998	233,987	580,778		1,084,763
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes	32,798	20,662	79,901		133,361
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			733,302		733,302
23.2 State premium taxes			9,206,100		9,206,100
23.3 Regulatory authority licenses and fees			14,580,142		14,580,142
23.4 Payroll taxes	0		0		0
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere				143,890	143,890
25. Aggregate write-ins for expenses	1,023,924	874,574	(75,439)	0	1,823,059
26. Total expenses incurred (Lines 1 to 25)	19,806,369	15,738,749	66,936,345	143,890	(a) 102,625,353
27. Less expenses unpaid December 31, current year	603,546	479,596	3,694,910		4,778,052
28. Add expenses unpaid December 31, prior year	380,119	420,129	4,270,236		5,070,484
29. Amounts receivable relating to uninsured plans, prior year			5,686,145		5,686,145
30. Amounts receivable relating to uninsured plans, current year			1,083,008		1,083,008
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	19,582,942	15,679,282	62,908,534	143,890	98,314,648
DETAILS OF WRITE-INS					
2501. Information Technology	110,591	95,841	237,886		444,318
2502. Interest	4,715	4,086	(18,401)		(9,600)
2503. Managed Care & Network Access	22,339	6,577	16,326		45,242
2598. Summary of remaining write-ins for Line 25 from overflow page	886,279	768,070	(311,250)	0	1,343,099
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	1,023,924	874,574	(75,439)	0	1,823,059

(a) Includes management fees of $ 55,619,547 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) 368,346	413,232
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 3,893,825	3,927,603
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	422,413	422,413
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5	Contract Loans		
6	Cash, cash equivalents and short-term investments	(e) 12,852	12,852
7	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	4,697,436	4,776,100
11.	Investment expenses		(g) 143,890
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13.	Interest expense		(h) (11)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		143,879
17.	Net investment income (Line 10 minus Line 16)		4,632,221
	DETAILS OF WRITE-INS		
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

(a) Includes $ 84,495 accrual of discount less $ 1,219,519 amortization of premium and less $ 102,173 paid for accrued interest on purchases.

(b) Includes $ accrual of discount less $ amortization of premium and less $ paid for accrued dividends on purchases.

(c) Includes $ accrual of discount less $ amortization of premium and less $ paid for accrued interest on purchases.

(d) Includes $ for company's occupancy of its own buildings; and excludes $ interest on encumbrances.

(e) Includes $ 713 accrual of discount less $ amortization of premium and less $ paid for accrued interest on purchases.

(f) Includes $ accrual of discount less $ amortization of premium.

(g) Includes $. 143,890 investment expenses and $ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.

(h) Includes $ interest on surplus notes and $ interest on capital notes.

(i) Includes $ depreciation on real estate and $ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	353,122	0	353,122	0	0
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	943,514	0	943,514	0	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	0	0	0	0	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans		0	0	0	0
4.	Real estate		0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets		0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	1,296,636	0	1,296,636	0	0
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

		1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			0
2.	Stocks (Schedule D):			
	2.1 Preferred stocks			0
	2.2 Common stocks			0
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens			0
	3.2 Other than first liens			0
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company			0
	4.2 Properties held for the production of income			0
	4.3 Properties held for sale			0
5.	Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6.	Contract loans			0
7.	Derivatives (Schedule DB)			0
8.	Other invested assets (Schedule BA)			0
9.	Receivables for securities			0
10.	Securities lending reinvested collateral assets (Schedule DL)			0
11.	Aggregate write-ins for invested assets	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13.	Title plants (for Title insurers only)			0
14.	Investment income due and accrued			0
15.	Premiums and considerations:			
	15.1 Uncollected premiums and agents' balances in the course of collection	2,099,468	1,229,950	(869,518)
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
	15.3 Accrued retrospective premiums and contracts subject to redetermination	0	14	14
16.	Reinsurance:			
	16.1 Amounts recoverable from reinsurers			0
	16.2 Funds held by or deposited with reinsured companies			0
	16.3 Other amounts receivable under reinsurance contracts			0
17.	Amounts receivable relating to uninsured plans	2,601	16,469	13,868
18.1	Current federal and foreign income tax recoverable and interest thereon	0		0
18.2	Net deferred tax asset			0
19.	Guaranty funds receivable or on deposit			0
20.	Electronic data processing equipment and software			0
21.	Furniture and equipment, including health care delivery assets			0
22.	Net adjustment in assets and liabilities due to foreign exchange rates			0
23.	Receivable from parent, subsidiaries and affiliates			0
24.	Health care and other amounts receivable	3,278,945	2,303,191	(975,754)
25.	Aggregate write-ins for other than invested assets	31,833	46,611	14,778
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,412,847	3,596,235	(1,816,612)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28.	Total (Lines 26 and 27)	5,412,847	3,596,235	(1,816,612)
	DETAILS OF WRITE-INS			
1101.				
1102.				
1103.				
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501.	Prepaid expenses	31,833	46,611	14,778
2502.				
2503.				
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	31,833	46,611	14,778

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

	Source of Enrollment	Total Members at End of 1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
1.	Health Maintenance Organizations	6,177	5,883	5,671	5,051	3,924	63,307
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business	108,039	117,380	118,140	119,525	123,831	1,418,347
7.	Total	114,216	123,263	123,811	124,576	127,755	1,481,654
	DETAILS OF WRITE-INS						
0601.	Medicare	23,831	32,126	32,964	33,779	34,621	397,484
0602.	Medicaid	84,208	85,254	85,176	85,746	89,210	1,020,863
0603.							
0698.	Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	108,039	117,380	118,140	119,525	123,831	1,418,347

UNITEDHEALTHCARE OF NEW ENGLAND, INC.

**NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN

Organization and Operation

UnitedHealthcare of New England, Inc. (the “Company”), licensed as a health maintenance organization (“HMO”), offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company is a wholly owned subsidiary of United HealthCare Services, Inc. (“UHS”), an HMO management corporation that provides services to the Company under the terms of a management agreement (the “Agreement”). UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated (“UnitedHealth Group”). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange.

The Company was incorporated on November 14, 1984, as an HMO and operations commenced on December 27, 1984. The Company is certified as an HMO by the Rhode Island Department of Business Regulation (the “Department”), Massachusetts Division of Insurance, New Hampshire Insurance Department, Vermont Department of Financial Protection – Insurance Division and Pennsylvania Insurance Department. The Company has entered into contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees.

The Company offers comprehensive commercial products to individual and employer groups. Each contract outlines the coverage provided and renewal provisions. The Company also participates in individual and small group exchange business in Rhode Island.

The Company serves as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug insurance coverage (“Medicare program”) under a contract with the Centers for Medicare and Medicaid Services (“CMS”). Under the Medicare Part D program, there are seven separate elements of payment received by the Company either during the year or at settlement in the subsequent year. These payment elements are CMS premium, member premium, CMS low-income premium subsidy, CMS catastrophic reinsurance subsidy, CMS low-income member cost-sharing subsidy, CMS risk share, and the CMS coverage gap discount program (“CGDP”). Each component of the Medicare program is further defined throughout Note 1.

Effective January 1, 2015, UnitedHealthcare Insurance Company (“UHIC”), an affiliate, novated a CMS contract to the Company. The novation agreements result in full rights under the contracts being transferred to the Company for dates of service on or after January 1, 2015. Approval was received from the Department and CMS. There was no transfer of assets or surplus as a result of the novation.

The Company has a contract with the State of Rhode Island and Providence Plantations, Department of Human Services, to provide health care services to Medicaid eligible beneficiaries in Rhode Island. The current contract is effective through June 30, 2017, with one-year renewal option periods.

A. Accounting Practices

The statutory basis financial statements of the Company are presented on the basis of accounting practices prescribed and permitted by the Department.

The Department recognizes only statutory accounting practices, prescribed and permitted by the State of Rhode Island (the “State”), for determining and reporting the financial condition and results of operations of an HMO, for determining its solvency under Rhode Island Insurance Law. The State prescribes the use of the National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures manual (“NAIC SAP”) in effect for the accounting periods covered in the statutory basis financial statements.

No significant differences exist between the practices prescribed and permitted by the State of Rhode Island and those prescribed and permitted by the NAIC SAP which materially affect the statutory basis net income and capital and surplus, as illustrated in the table below:

	SSAP #	F/S Page #	F/S Line #	2016	2015
Net Income					
(1) Company state basis (Page 4, Line 32, Columns 1 & 2)	XXX	XXX	XXX	$ 12,702,612	$ 27,515,049
(2) State prescribed practices that increase/(decrease) NAIC SAP: N/A				-	-
(3) State permitted practices that increase/(decrease) NAIC SAP: N/A				-	-
(4) NAIC SAP (1 - 2 - 3 = 4)	XXX	XXX	XXX	$ 12,702,612	$ 27,515,049
Capital and Surplus					
(5) Company state basis (Page 3, Line 33, Columns 1 & 2)	XXX	XXX	XXX	$ 119,023,095	$ 147,152,178
(6) State prescribed practices that increase/(decrease) NAIC SAP: N/A				-	-
(7) State permitted practices that increase/(decrease) NAIC SAP: N/A				-	-
(8) NAIC SAP (5 - 6 - 7 = 8)	XXX	XXX	XXX	$ 119,023,095	$ 147,152,178

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

The preparation of these statutory basis financial statements in conformity with the NAIC Annual Statement Instructions and the NAIC SAP include certain amounts that are based on the Company's estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to hospital and medical benefits, claims unpaid, aggregate health policy reserves (including medical loss ratio rebates), aggregate health claim reserves, and risk adjustment estimates. The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of net income in the period in which the estimate is adjusted.

C. Accounting Policy

Basis of Presentation — The Company prepares its statutory basis financial statements on the basis of accounting practices prescribed and permitted by the Department. These statutory practices differ from accounting principles generally accepted in the United States of America ("GAAP").

Accounting policy disclosures that are required by the NAIC Annual Statement instructions are as follows:

(1–2) Bonds and short-term investments are stated at amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. Amortization of bond premium or accretion of discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the Securities Valuation Office of the NAIC ("SVO") in accordance with the NAIC Valuations of Securities manual prepared by the SVO or an external pricing service;

(3–4) Common stock consists of the Company's share of an investment pool sponsored and administered by UHS. The investment pool consists principally of investments with original maturities of less than one year, with the average life of the individual investments being less than 60 days. The Company's share of the pool represents an undivided ownership interest in the pool and is immediately convertible to cash at no cost or penalty. The participants within the pool have an individual fund number to track those investments owned by the Company. In addition, the Company is listed as a participant in the executed custodial agreement between UHS and the custodian whereby the Company's share in the investment pool is segregated and separately maintained. The pool is primarily invested in government obligations, commercial paper, certificates of deposit, and short-term agency notes and is recorded at cost or amortized cost. Interest income from the pool accrues daily to participating members based upon ownership percentage;

(5) The Company holds no mortgage loans on real estate;

(6) U.S. government and agency securities and corporate debt securities include loan-backed securities (mortgage-backed securities and asset-backed securities), which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of loan-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors. The Company's investment policy limits investments in nonagency residential mortgage-backed securities, including home equity and sub-prime mortgages, to 10% of total cash and invested assets. Total combined investments in mortgage-backed securities and asset-backed securities cannot exceed more than 30% of total cash and invested assets;

(7) The Company holds no investments in subsidiaries, controlled, or affiliated entities;

(8) The Company has no investment interests with respect to joint ventures, partnerships, or limited liability companies;

(9) The Company holds no derivatives;

(10) Premium deficiency reserves and the related expenses are recognized when it is probable that expected future health care expenses, claims adjustment expenses ("CAE"), direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts, and are recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Indirect administration costs arise from activities that are not specifically identifiable to a specific group of existing contracts, and therefore, those costs are fully allocated among the various contract groupings. The allocation of indirect administration costs to each contract grouping is made proportionately to the expected margins remaining in the premiums after future health care expenses, CAE, and direct administration costs are considered. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected as an increase in reserves for life and accident and health contracts in the statutory basis statements of operations in the period in which the change in estimate is identified. The Company anticipates investment income as a factor in the premium deficiency calculation (see Note 30);

(11) CAE are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the Agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. A detailed review of the administrative expenses of the Company and UHS is performed to determine the allocation between claims adjustment expenses and general administrative expenses to be reported in the statutory basis statement of operations. It is the responsibility of UHS to pay CAE in the event the Company ceases operations. The Company has recorded an estimate of CAE associated with incurred but unpaid claims, which is included in unpaid claims adjustment expenses in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Management believes the amount of the liability for unpaid CAE as of December 31, 2016 is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid CAE are reflected in operating results in the period in which the change in estimate is identified;

(12) The Company does not carry any fixed assets on the statutory basis financial statements;

(13) Health care and other amounts receivable consist of pharmacy rebates receivable estimated based on the most currently available data from the Company's claims processing systems and from data provided by the Company's affiliated pharmaceutical benefit manager, OptumRx, Inc. ("OptumRx"). Health care and other amounts receivable also include receivables for amounts due to the Company for provider advances and claim overpayments to providers, hospitals and other health care organizations. In 2015, health care and other amounts receivable also include a receivable from the State for the Rhode Island Risk Share program. In 2016, this amount is reported under accrued retrospective premiums (See Note 2). According to the Risk Share program, the Company and the State share the risk of certain medical expenses if the medical expenses fall outside of predetermined parameters. Health care and other amounts receivable are considered nonadmitted assets under NAIC SAP if they do not meet admissibility requirements. Accordingly, the Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 28).

The Company has also deemed the following to be significant accounting policies and differences between statutory practices and GAAP:

<u>ASSETS</u>

Cash and Invested Assets

- Bonds include U.S. government and agency securities, state and agency municipal securities, city and county municipal securities, and corporate debt securities, with a maturity of greater than one year at the time of purchase;

- Certain debt investments categorized as available-for-sale or held-to-maturity under GAAP are presented at the lower of amortized cost or fair value in accordance with the NAIC designations in the statutory basis financial statements, whereas under GAAP, these investments are shown at fair value or amortized cost, respectively;

- Investments in common stocks, which consists of the Company's share of an investment pool sponsored and administered by UHS for the benefit of UHS-owned health plans, are valued as prescribed by the SVO, or an external pricing service if NAIC values are not available, in the statutory basis statements of admitted assets, liabilities, and capital and surplus, whereas under GAAP, common stocks are generally reported at fair value;

- Cash overdrafts, cash equivalents, and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash, cash equivalents, and short-term investments includes cash balances and investments that will mature in one year or less from the balance sheet date;

- Cash represents cash held by the Company in operating accounts. Claims and other payments are made from the operating accounts daily**.** Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments;

- Outstanding checks are required to be netted against cash balances or presented as cash overdrafts if in excess of cash balances in the statutory basis statements of admitted assets, liabilities, and capital and surplus as opposed to being presented as other liabilities under GAAP;

- Cash equivalents represent U.S. treasury bills. Cash equivalents have original maturity dates of three months or less from the date of acquisition and are reported at cost or amortized cost depending on the nature of the underlying security, which approximates fair value;

- Short-term investments represent money-market funds with a maturity of greater than three months but less than one year at the time of purchase.

- Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. These gains and losses are reported as net realized capital gains less capital gains tax in the statutory basis statements of operations;

- The Company continually monitors the difference between amortized cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the Company has determined is other-than-temporary, or if the Company has determined it will sell a security that is in an impaired status, the Company will record a realized loss in net realized capital gains less capital gains tax in the statutory basis statements of operations. The new cost basis is not changed for subsequent recoveries in fair value. The prospective adjustment method is utilized for loan-backed securities for periods subsequent to the loss recognition. The Company has not recorded any other-than-temporary impairments ("OTTI") for the years ended December 31, 2016 and 2015;

- The statutory basis statements of cash flows reconcile cash, cash overdrafts, cash equivalents, and short-term investments with original maturities of one year or less from the time of acquisition; whereas under GAAP, the statements of cash flows reconcile the corresponding captions of cash and cash equivalents with maturities of three months or less. Short-term investments with a final maturity of one year or less from the balance sheet date are not included in the reconciliation of GAAP cash flows. In addition, there are classification differences within the presentation of the cash flow categories between GAAP and statutory reporting. The statutory basis statements of cash flows are prepared in accordance with the NAIC Annual Statement Instructions.

Other Assets

- **Investment Income Due and Accrued** — Investment income earned and due as of the reporting date, in addition to investment income earned but not paid or collected until subsequent periods, is reported as investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company evaluates the collectability of the amounts due and accrued and amounts determined to be uncollectible are written off in the period in which the determination is made. In addition, the remaining balance is assessed for admissibility and any balance greater than 90 days past due is considered a nonadmitted asset.

- **Uncollected Premiums** — The Company reports uncollected premium balances from its insured members as uncollected premiums in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Uncollected premium balances that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets. In addition to those balances, current balances are also considered nonadmitted if the corresponding balance greater than 90 days past due is deemed more than inconsequential. Uncollected premiums also includes the following:

  a) risk corridor receivables as defined in Section 1342 of the Affordable Care Act (“ACA”). Premium adjustments are based on each qualified health plan’s allowable costs in relation to a target amount. A risk corridor receivable is recorded when the allowable costs are above 103% of the target amount;

  b) CMS risk corridor receivables for which adjustments are based on whether the ultimate per member per month (“PMPM”) benefit costs of any Medicare program plan varies more than 5% above the level estimated in the original bid submitted by the Company and approved by CMS; and

  c) CMS risk adjustment receivables. The risk adjustment model apportions premiums paid to all health plans according to the health severity and certain demographic factors of its enrollees. The CMS risk adjustment model pays more for members whose medical history indicates they have certain medical conditions. Under this risk adjustment methodology, CMS calculates the risk-adjusted premium payment using diagnosis data from hospital inpatient, hospital outpatient, and physician treatment settings. The Company and health care providers collect, capture, and submit the necessary and available diagnosis data to CMS within prescribed deadlines. The Company estimates risk adjustment revenues based upon the diagnosis data submitted and expected to be submitted to CMS. The Company recognizes such changes when the amounts become determinable and supportable and collectability is reasonably assured.

  Premium adjustments for the ACA Section 1342 risk corridor and CMS risk corridor programs are accounted for as premium adjustments subject to retrospectively rated features (see Note 24). Premium adjustments for the ACA Section 1343 risk adjustment and CMS risk adjustment programs are accounted for as premium adjustments subject to redetermination (see Note 24).

- **Amounts Receivable Relating to Uninsured Plans** — Receivables for amounts held under uninsured plans represent the costs incurred in excess of the cost reimbursement under the Medicare program for the catastrophic reinsurance subsidy and the low-income member cost-sharing subsidy for the individual members. The Company is fully reimbursed by CMS for costs incurred for these contract elements, and accordingly, there is no insurance risk to the Company. Amounts received for these subsidies are received monthly and are not reflected as net premium income, but rather are accounted for as deposits. If the Company incurs costs in excess of these subsidies, a corresponding receivable is recorded in amounts receivable relating to uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within net cash used in/from operations in the statutory basis statements of cash flows. The ACA mandates consumer discounts of 50% on brand name prescription drugs for Part D plan participants in the coverage gap. As part of the CGDP, the Company records a receivable from the pharmaceutical manufacturers for reimbursement of the discounts which is included in amounts receivable relating to uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within net cash used in/from operations in the statutory basis statements of cash flows. The Company solely administers the application of these funds and has no insurance risk.

- **Net Deferred Tax Asset** — NAIC SAP provides for an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax basis of assets, subject to a valuation allowance and admissibility limitations on deferred tax assets (see Note 9). In addition, under NAIC SAP, the change in deferred tax assets is recorded directly to unassigned surplus in the statutory basis financial statements, whereas under GAAP, the change in deferred tax assets is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets. Based on the admissibility criteria under NAIC SAP, any deferred tax assets determined to be nonadmitted are charged directly to surplus and excluded from the statutory basis financial statements, whereas under GAAP, such assets are included in the balance sheet.

- **Receivables from Parent, Subsidiaries, and Affiliates, Net** — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts due as receivables from parent, subsidiaries, and affiliates, net, in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

LIABILITIES

- **Claims Unpaid and Aggregate Health Claim Reserves** — Claims unpaid and aggregate health claim reserves include claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.

  The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled, and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates such liabilities for physician, hospital, and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. These estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2016 and 2015. Management believes the amount of claims unpaid and aggregate health claim reserves is a best estimate of the Company's liability for unpaid claims and aggregate health claim reserves as of December 31, 2016; however, actual payments may differ from those established estimates.

  The reserves ceded to reinsurers for claims unpaid and aggregate health claim reserves have been reported as reductions of the related reserves rather than as assets, which would be required under GAAP.

  The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide medical care services to enrollees. Some of these contracts are with related parties (see Note 10). Capitated providers are at risk for the cost of medical care services provided to the Company's enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.

  In 2015, claims unpaid included a payable to the State for the Rhode Island Risk Share program. As of December 31, 2016, the Company records the payable in aggregate health policy reserves. According to the Risk Share program, the Company and the State share the risk of certain medical expenses if the medical expenses fall outside of predetermined parameters (see Note 2).

- **Unearned Premiums** — Unearned premiums are established for the portion of premiums received during the current period that are partially unearned at the end of the period and are included in aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

- **Accrued Medical Incentive Pool and Bonus Amounts** — The Company has agreements with certain independent physicians and physician network organizations that provide for the establishment of a fund into which the Company places monthly premiums payable for members assigned to the physician. The Company manages the disbursement of funds from this account as well as reviews the utilization of nonprimary care medical services of members assigned to the physicians. Any surpluses in the fund are shared by the Company and the physician based upon predetermined risk-sharing percentage and the liability is included in accrued medical incentive pool and bonus amounts in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

  The Company has incentive and bonus arrangements with providers that are based on quality, utilization, and/or various health outcome measures. The estimated amount due to providers that meet the established metrics is included in accrued medical incentive pool and bonus amounts in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

- **Aggregate Health Policy Reserves** — The Company establishes a liability, net of ceded reinsurance, for estimated accrued retrospective and redetermination premiums due from the Company based on the actuarial method and assumptions for each respective contract. Aggregate health policy reserves also includes:

  a) risk corridor payable as defined in Section 1342 of the ACA. Premium adjustments are based on each qualified health plan's allowable costs in relation to a target amount.

A risk corridor payable is recorded when the allowable costs are below 97 percent of the target amount (see Note 24);

b) risk adjustment payables as defined in Section 1343 of the ACA. Premium adjustments are based upon the risk scores (health status) of enrollees participating in risk adjustment covered plans, rather than the actual loss experience of the insured. A risk adjustment payable is recorded when the Company estimates its average actuarial risk score for policies included in this program is less than the average actuarial risk scores in that market and state risk pool (see Note 24);

c) CMS risk corridor payables for which adjustments are based on whether the ultimate per member per month ("PMPM") benefit costs of any Medicare program plan varies more than 5% below the level estimated in the original bid submitted by the Company and approved by CMS (see Note 24);

d) CMS risk adjustment payables. The risk adjustment model apportions premiums paid to all health plans according to the health severity and certain demographic factors of its enrollees. The CMS risk adjustment model pays more for members whose medical history indicates they have certain medical conditions. Under this risk adjustment methodology, CMS calculates the risk-adjusted premium payment using diagnosis data from hospital inpatient, hospital outpatient, and physician treatment settings. The Company and health care providers collect, capture, and submit the necessary and available diagnosis data to CMS within prescribed deadlines. The Company estimates risk adjustment revenues based upon the diagnosis data submitted and expected to be submitted to CMS. The Company recognizes such changes when the amounts become determinable and supportable (see Note 24);

e) estimated rebates payable on the comprehensive commercial and Medicare products, if the medical loss ratios on these fully insured products, as calculated under the definitions of the ACA and/or State statutes (see Note 14) and implementing regulations, fall below certain targets. The Company is required to rebate the ratable portions of the premiums annually (see Note 24);

f) the estimated amount for premium deficiency reserves (see Note 30) and

g) In 2016, the Rhode Island Risk Share program's estimated accrued retrospective premiums were recorded in aggregate health policy reserves. In 2015, the payable for the Risk Share program was included in claims unpaid. The risk share arrangement with the Rhode Island Executive Office of Health and Human Services mitigates the amount of financial risk to both the State of Rhode Island and to the Company (see Note 2).

- **Premiums Received in Advance** — Premiums received in full during the current period that are not due until future periods are recorded as premiums received in advance in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

- **General Expenses Due or Accrued** — General expenses that are due as of the reporting date in addition to general expenses that have been incurred but are not due until a subsequent period are reported as general expenses due or accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. General expenses due or accrued also include the amounts for unpaid assessments, premium taxes, state income taxes and the unpaid portion of the contributions required under the ACA risk adjustment and reinsurance programs (see Note 24).

- **Remittances and Items Not Allocated** — Remittances and items not allocated generally represent monies received from policyholders for monthly premium billings or providers that have not been specifically identified or applied prior to year-end. The majority is from monies received in the lockbox account on the last day of the year.

- **Amounts Due to Parent, Subsidiaries, and Affiliates, Net** — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts owed as amounts due to parent, subsidiaries, and affiliates, net, in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

- **Payable for Securities** — The Company reports payable for securities when investments are traded at the end of an accounting period for which the settlement does not occur until the following month in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

- **Liability for Amounts Held Under Uninsured Plans** — Liability for amounts held under uninsured plans represents costs incurred that are less than the cost reimbursement under the Medicare program for the catastrophic reinsurance subsidy and the low-income member cost-sharing subsidy for the individual members. The Company is fully reimbursed by CMS for costs incurred for these contract elements, and accordingly, there is no insurance risk to the Company. Amounts received for these subsidies are received monthly and are not reflected as net premium income, but rather are accounted for as deposits. If the Company incurs costs less than these subsidies, a corresponding liability is recorded in liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within net cash used in/from operations in the statutory basis statements of cash flows. For employer group members, the cost reimbursement under the Medicare program for the catastrophic reinsurance subsidy and the low-income member cost-sharing subsidy are only received at settlement which is in the subsequent year. The ACA mandates consumer discounts of 50% on brand name prescription drugs for Part D plan participants in the coverage gap. These discounts are pre-funded for the members by CMS and a liability for the amount subject to recoupment is recorded in liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within net cash used in/from operations in the statutory basis statements of cash flows. The Company solely administers the application of these funds and has no insurance risk.

- Liability for amounts held under uninsured plans also include the cost reimbursement for the cost-sharing reduction components of the ACA. The Company is fully reimbursed by the federal government for costs incurred related to these provisions. The Company receives advances that are applied to eligible claims. If the Company incurs costs that are less than these subsidies, a corresponding liability is recorded for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

CAPITAL AND SURPLUS AND MINIMUM STATUTORY REQUIREMENTS

- **Nonadmitted Assets** — Certain assets, including certain aged premium receivables, certain health care receivables, certain deferred tax assets, prepaid expenses and amounts receivable relating to uninsured plans, are considered nonadmitted assets under NAIC SAP and are excluded from the statutory basis statements of admitted assets, liabilities, and capital and surplus and charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet.

- **Restricted Cash Reserves** — The Company is exempt from the state of Rhode Island minimum regulatory deposit requirements, but it currently holds $130,407 in deposits. The Company is required by the State of Massachusetts to maintain a minimum regulatory deposit and is currently holding $1,074,778 in deposits, and was in compliance with this requirement as of December 31, 2016. This restricted cash reserve consists principally of government obligations and are stated at amortized cost, which approximates fair value. This reserve is included in bonds in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on this reserve accrues to the Company.

- **Minimum Capital and Surplus** — Under the laws of the State, the Department requires the Company to maintain a minimum capital and surplus of $2,500,000 or the minimum amount necessary to meet the risk-based capital (RBC) requirement. The minimum capital and surplus requirement is $71,870,865 and $69,660,349 for December 31, 2016 and 2015, respectively. Under the laws of the state of Massachusetts, the Division of Insurance requires the company to maintain a minimum capital and surplus equal to $1,000,000 or 2% of the first $150,000,000 annual premium revenue and 1% of annual premium revenue in excess of $150,000,000. The Company has $119,023,095 and $147,152,178 in total statutory basis capital and surplus as of December 31, 2016 and 2015, respectively, which is in compliance with the required amount.

  RBC is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The Massachusetts Division of Insurance requires the Company to maintain minimum capital and surplus equal to the greater of the state statute as outlined above or the company action level as calculated by the RBC formula or the level needed to avoid action pursuant to the trend test in the RBC formula. The Company is in compliance with the required amount.

- **Section 9010 ACA Subsequent Fee Year Assessment —** In 2016 and 2015, the Company is subject to the Section 9010 ACA Health Insurer Fee (“HIF”). In accordance with the 2017 HIF moratorium, no HIF will be payable in 2017 and therefore the 2016 statutory basis statements of admitted assets, liabilities, and capital and surplus will have no amounts apportioned out of unassigned surplus representing an estimate of the 2017 HIF. In 2015, under NAIC SAP, an amount equal to the estimated subsequent year fee was apportioned out of unassigned surplus and reported as Section 9010 ACA subsequent fee year assessment in the statutory basis statements of admitted assets, liabilities, and capital and surplus, whereas under GAAP, no such special surplus designation is required.

STATEMENTS OF OPERATIONS

- **Net Premium Income and Change in Unearned Premium Reserves and Reserve for Rate Credits** — Revenues consist of net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums paid and reinsurance premiums incurred but not paid in the statutory basis statements of operations. The corresponding change in unearned premium from year to year is reflected as a change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations. Under GAAP, the change in unearned premium from year to year is reported through premium income.

  Comprehensive commercial health plans with medical loss ratios on fully insured products, as calculated under the definitions in the ACA (see Note 14) and implementing regulations, that fall below certain targets are required to rebate ratable portions of premiums annually. The Company classifies its estimated rebates as change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

  Pursuant to Section 1342 and Section 1343 of the ACA the Company records premium adjustments for changes to the risk corridor and risk adjustment balances which are reflected in change in unearned premium reserves and reserve for rate credits and net premium income, respectively, in the statutory basis statements of operations.

  Net premium income includes premium under the Medicare Advantage program which includes CMS premium and member premium. It also includes premium under the Medicare program, which includes, CMS premium, member premium, and CMS low-income premium subsidy for the Company's insurance risk coverage. Net premium income is recognized ratably over the period in which eligible individuals are entitled to receive health care services and prescription drug benefits.

  Net premium income also includes amounts pursuant to the CMS risk adjustment program. The Company recognized $295,390 and $1,176,335 for changes in prior year Medicare risk factor estimates during the years ended December 31, 2016 and 2015, respectively, which is recorded as net premium income in the statutory basis statements of operations.

  The Company also records estimates related to the CMS risk corridor program. Changes to these estimates are reflected as change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

  Medicare Advantage plans are subject to MLR requirements under the ACA. Plans with medical loss ratios that fall below certain targets are required to rebate ratable portions of premiums annually. The Company classifies its estimated rebates as change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

  Net premium income also includes amounts paid by state and federal governments on a per member basis in exchange for the provision and administration of medical benefits under the Medicaid program. Premiums are contractual and are recognized in the coverage period in which members are entitled to receive services, except in the case of maternity payments. Maternity income is billed on contractual rates and recognized as income as each birth case is identified by the Company. Included in net premium income are capitated payments and maternity payments. The majority of net premium income recorded is based on capitated rates, which are monthly premiums paid for each member enrolled. Home nursing risk-sharing income is payable based upon the number of members that qualify for such reimbursement.

  In 2016, the Company has recorded a receivable from the Rhode Island risk share program for estimated retrospective premium adjustments due to the Company based on the underlying contractual terms that are recorded as a change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations. In 2015, the change in receivable was recorded in healthcare receivables and recorded in total hospital and medical expenses (See Note 2).

- **Total Hospital and Medical Expenses** — Total hospital and medical expenses include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and payments and liabilities for physician, hospital, and other medical costs disputes.

Total hospital and medical expenses also include amounts incurred for incentive pool, withhold adjustments, and bonus amounts that are based on the underlying contractual provisions with the respective providers. In addition, adjustments to claims unpaid estimates and aggregate health claim reserves are reflected in the period once the change in estimate is identified and included in total hospital and medical expenses in the statutory basis statements of operations.

- **General Administrative Expenses** — Pursuant to the terms of the Agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. Costs for items not included within the scope of the Agreement are directly expensed as incurred. State income taxes are also a component of general administrative expenses. A detailed review of the administrative expenses of the Company and UHS is performed to determine the allocation between CAE and general administrative expenses to be reported in the statutory basis statements of operations.

  The Company is subject to an annual fee under Section 9010 of the ACA. A health insurance entity's annual fee becomes payable once the entity provides health insurance for any U.S. health risk during the calendar year, which is nondeductible for tax purposes. Under NAIC SAP, the entire amount of the estimated annual fee expense is recognized on January 1 of the fee year in general administrative expenses in the statutory basis statements of operations, whereas under GAAP, a deferred asset is created on January 1 of the fee year which is amortized to expense on a straight-line basis throughout the year.

- **Net Investment Income Earned** — Net investment income earned includes investment income collected during the period, as well as the change in investment income due and accrued on the Company's holdings. Amortization of premium or discount on bonds and certain external investment management costs are also included in net investment income earned (see Note 7).

- **Federal Income Taxes Incurred** — The provision for federal income taxes incurred is calculated based on applying the statutory federal income tax rate of 35% to net gain from operations before federal income taxes and net realized capital gains subject to certain adjustments (see Note 9).

- **Comprehensive Income** - Comprehensive income and its components are not separately presented in the statutory basis financial statements, whereas under GAAP, it is a requirement to present comprehensive income and its components in the financial statements.

<u>**REINSURANCE**</u>

- **Reinsurance Ceded** — In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding premium to other insurance enterprises or reinsurers under excess coverage contracts or specific transfer of risk agreements. The Company remains primarily liable as the direct insurer on the risks reinsured. Reinsurance premiums paid and reinsurance premiums incurred but not paid are deducted from net premium income in the statutory basis statements of operations. Any amounts due to the Company pursuant to these agreements are recorded as amounts recoverable from reinsurers in the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 10 and Note 23).

  The Company has a reinsurance agreement through which 60% of earned commercial member premiums, hospital and medical benefits, and operating expenses are ceded to UHIC, an affiliated entity, or ("Reinsurer"). These amounts are reflected as a reduction to net premium income, total hospital and medical, CAE, and general administrative expenses in the accompanying statutory basis financial statements. Pursuant to the quota share agreement, the Company records amounts recoverable from the reinsurer for claims paid, general administrative expenses and CAE as amounts recoverable from reinsurers and estimates of claims incurred but not yet paid as a reduction to claims unpaid in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

  The Company has an insolvency-only reinsurance agreement and a Medicaid stop-loss reinsurance agreement with UHIC (see Note 10).

- **Amounts Recoverable from Reinsurers** — The Company records amounts recoverable from reinsurers for claims paid and CAE under the quota share and Unimerica agreement as amounts recoverable from reinsurers in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as net reinsurance recoveries in the statutory basis statements of operations.

Section 1341 ACA Transitional Reinsurance — The Company has established receivables of $176,697 and $165,674 and liabilities of $20,440 and $33,418 as of December 31, 2016 and 2015, respectively. Pursuant to Section 1341 of the ACA which are included in amounts recoverable from reinsurers and ceded reinsurance premium payable respectively, in the statutory basis statements of admitted assets, liabilities, and capital and surplus, for the transitional reinsurance program. This program is designed to protect issuers in the individual market from an expected increase in large claims due to the elimination of preexisting condition limitations (see Note 24).

- **Ceded Reinsurance Premiums Payable** — The ceded reinsurance premiums payable balance represents amounts due to the reinsurers for specified coverage which will be paid based on the contract terms.

<u>OTHER</u>

- **Vulnerability Due to Certain Concentrations** — The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company's existing products in new markets and offerings of new products, both of which may restrict the Company's ability to expand its business.

  The Company has no customers that individually exceed 10% of total direct premiums written and uncollected premiums, including risk adjustment factor receivables, for the years ended December 31, 2016 and 2015.

  Direct premiums written and uncollected premiums, including risk adjustment factor receivables, from members and CMS related to Medicare Advantage and the Medicare Part D program as a percentage of total direct premiums written and total uncollected premiums, including risk adjustment factor receivables, are 44% and 57% as of December 31, 2016 and 33% and 77% as of December 31, 2015, respectively.

  Direct premiums written and uncollected premiums from the State, including risk adjustment factor receivables, as a percentage of total direct premiums written and total uncollected premiums, including risk adjustment factor receivables, are 54% and 39% as of December 31, 2016 and 64% and 15% as of December 31, 2015, respectively.

Recently Issued Accounting Standards — The Company reviewed all recently issued guidance in 2016 and 2015 that has been adopted for 2016 or subsequent years' implementation and has determined that none of the items would have a significant impact to the statutory basis financial statements.

D. Going Concern

The Company has the ability and will continue to operate for a period of time sufficient to carry out its commitments, obligations and business objectives.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

During 2016, the Company determined that the Rhode Island Risk Share program should be reported as a retrospectively rated contract per Statements of Statutory Accounting Principles ("SSAP") No. 66 - *Retrospectively Rated Contracts*. Accordingly, in 2016 the amounts are classified in aggregate health policy reserves, accrued retrospective premiums and change in unearned premium reserves and reserve for rate credits. In 2015, the Company reported the program within claims unpaid, healthcare and other receivables and medical expenses in its statutory basis statements of admitted assets, liabilities, and capital and surplus and statement of operations.

3. BUSINESS COMBINATIONS AND GOODWILL

A–D. The Company was not party to a business combination during the years ended December 31, 2016 and 2015, and does not carry goodwill in its statutory basis statements of admitted assets, liabilities, and capital and surplus.

4. DISCONTINUED OPERATIONS

(1–5) The Company did not discontinue any operations during 2016 and 2015.

5. INVESTMENTS

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of investments for long-term investments were $1,309,454 and $12,817, respectively, for 2016 and $1,352,221 and $13,710, respectively, for 2015. In 2016 there were no gross realized gains and losses on sales of short-term investments and in 2015 gross realized gains and losses on sales of short-term investments were $0 and $1,245, respectively. The net realized gain is included in net realized capital gains less capital gains tax in the statutory basis statements of operations. Total proceeds on the sale of long-term investments were $40,177,887 and $39,405,491, common stock were $887,501,960 and $781,122,215, and for short-term investments were $29,820,365 and $199,738,778 in 2016 and 2015, respectively.

As of December 31, 2016 and 2015, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company's investments, excluding cash (overdrafts) and cash equivalents of $1,836,672 and $(418,762), respectively, are as follows:

2016	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 Year	Gross Unrealized Holding Losses > 1 Year	Fair Value
U.S. government and agency securities	$ 63,641,856	$ 103,440	$ 640,207	$ -	$ 63,105,089
State and agency municipal securities	34,534,959	272,331	273,083	-	34,534,207
City and county municipal securities	16,515,879	98,247	257,264	-	16,356,862
Corporate debt securities (includes commercial paper)	85,135,003	418,480	300,004	43,017	85,210,462
Money-market funds	6,961,423	-	-	-	6,961,423
Equity (includes marketable common stock)	12,626,791	-	-	-	12,626,791
Total bonds, short-term investments, and equity (including marketable common stocks)	$ 219,415,911	$ 892,498	$ 1,470,558	$ 43,017	$ 218,794,834

2016	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 Year	Gross Unrealized Holding Losses > 1 Year	Fair Value
Less than one year	$ 41,018,497	$ 166,218	$ 4,517	$ -	$ 41,180,198
One to five years	82,004,483	214,736	356,253	3	81,862,963
Five to ten years	26,651,766	194,089	467,203	42,672	26,335,980
Over ten years	69,741,165	317,455	642,585	342	69,415,693
Total bonds, short-term investments, and equity (excluding common stocks)	$ 219,415,911	$ 892,498	$ 1,470,558	$ 43,017	$ 218,794,834

2015	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 Year	Gross Unrealized Holding Losses > 1 Year	Fair Value
U.S. government and agency securities	$ 65,118,248	$ 236,534	$ 219,157	$ 1,335	$ 65,134,290
State and agency municipal securities	32,144,645	1,074,344	723	-	33,218,266
City and county municipal securities	19,703,214	613,233	-	-	20,316,447
Corporate debt securities (includes commercial paper)	86,858,904	507,919	408,729	97,250	86,860,844
Money-market funds	383,965	-	-	-	383,965
Equity (includes marketable common stock)	110,367,088	-	-	-	110,367,088
Total bonds, short-term investments, and equity (including marketable common stocks)	$ 314,576,064	$ 2,432,030	$ 628,609	$ 98,585	$ 316,280,900

Included in U.S. government and agency securities and corporate debt securities in the tables above are mortgage-related loan-backed securities, which do not have a single maturity date. For the years to maturity table above, these securities have been presented in the maturity group based on the securities' final maturity date and at an amortized cost of $28,693,304 and fair value of $28,732,842.

The following table illustrates the fair value and gross unrealized holding losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2016 and 2015:

	2016					
	< 1 Year		> 1 Year		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
U.S. government and agency securities	$ 44,895,128	$ 640,207	$ -	$ -	$ 44,895,128	$ 640,207
State and agency municipal securities	13,771,098	273,083	-	-	13,771,098	273,083
City and county municipal securities	7,434,858	257,264	-	-	7,434,858	257,264
Corporate debt securities (includes commercial paper)	32,948,158	300,004	1,163,305	43,017	34,111,463	343,021
Total bonds, short-term investments, and equity (including marketable common stocks)	$ 99,049,242	$ 1,470,558	$ 1,163,305	$ 43,017	$ 100,212,547	$ 1,513,575

	2015					
	< 1 Year		> 1 Year		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
U.S. government and agency securities	$ 53,036,282	$ 219,157	$ 132,989	$ 1,335	$ 53,169,271	$ 220,492
State and agency municipal securities	1,601,643	723	-	-	1,601,643	723
Corporate debt securities (includes commercial paper)	51,782,514	408,729	1,627,581	97,250	53,410,095	505,979
Total bonds, short-term investments, and equity (including marketable common stocks)	$ 106,420,439	$ 628,609	$ 1,760,570	$ 98,585	$ 108,181,009	$ 727,194

The unrealized losses on investments in U.S. government and agency securities, state and agency municipal securities, city and county municipal securities, and corporate debt securities at December 31, 2016 and 2015, were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The Company evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its amortized cost. The contractual cash flows of the U.S. government and agency securities are guaranteed either by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the company does not intend to sell the investment until the unrealized loss is fully recovered. The Company evaluated the credit ratings of the municipal, local agency and corporate debt securities, noting whether a significant deterioration since purchase or other factors that may indicate an OTTI, such as the length of time and extent to which fair value has been less than cost, the financial condition, and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer and the Company's intent to sell the investment. Additionally, the Company evaluated its intent and ability to retain loan-backed securities for a period of time sufficient to recover the amortized cost. As a result of these reviews, the Company has not recorded any OTTI for the years ended December 31, 2016 and 2015.

A–C. The Company has no mortgage loans, real estate loans, restructured debt, or reverse mortgages. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale.

D. Loan-Backed Securities

(1) U.S. government and agency securities and corporate debt securities include loan-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of loan-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors.

(2) The Company did not recognize any OTTI's on loan-backed securities as of December 31, 2016 and 2015.

(3) The Company did not have any loan-backed securities with an OTTI to report by CUSIP as of December 31, 2016 or 2015.

(4) The following table illustrates the fair value, gross unrealized losses, and length of time that the loan-backed securities have been in a continuous unrealized loss position as of December 31, 2016 and 2015:

	2016
The aggregate amount of unrealized losses:	
1. Less than 12 months	$ 176,843
2. 12 months or longer	345
The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	22,281,737
2. 12 months or longer	699,935

	2015
The aggregate amount of unrealized losses:	
1. Less than 12 months	$ 179,843
2. 12 months or longer	386
The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	33,040,853
2. 12 months or longer	157,890

(5) The Company believes that it will collect all principal and interest due on all investments that have an amortized cost in excess of fair value. The unrealized losses as of December 31, 2016 and 2015 were primarily caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities.

E. **Repurchase Agreements and/or Securities Lending Transactions** — Not applicable.

F. **Real Estate** — Not applicable.

G. **Low-Income Housing Tax Credits** — Not applicable.

H. **Restricted Assets** —

(1) Restricted assets, including pledged as of December 31, 2016 and 2015, are presented below:

	1	2	3	4	5	6	7
Restricted Asset Category	Total Gross (Admitted & Nonadmitted) Restricted From Current Year	Total Gross (Admitted & Nonadmitted) Restricted From Prior Year	Increase/ (Decrease) (1 Minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Admitted Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	$ -	$ -	$ -	$ -	$ -	0 %	0 %
b. Collateral held under security lending agreements	-	-	-	-	-	0 %	0 %
c. Subject to repurchase agreements	-	-	-	-	-	0 %	0 %
d. Subject to reverse repurchase agreements	-	-	-	-	-	0 %	0 %
e. Subject to dollar repurchase agreements	-	-	-	-	-	0 %	0 %
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	0 %	0 %
g. Placed under option contracts	-	-	-	-	-	0 %	0 %
h. Letter stock or securities restricted as to sale—excluding FHLB capital stock	-	-	-	-	-	0 %	0 %
i. FHLB capital stock	-	-	-	-	-	0 %	0 %
j. On deposit with states	1,205,185	1,226,449	(21,264)	-	1,205,185	0.4 %	0.4 %
k. On deposit with other regulatory bodies	-	-	-	-	-	0 %	0 %
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	0 %	0 %
m Pledged as collateral not captured in other categories	-	-	-	-	-	0 %	0 %
n. Other restricted assets	-	-	-	-	-	0 %	0 %
o. Total restricted assets	$ 1,205,185	$ 1,226,449	$ (21,264)	$ -	$ 1,205,185	0 %	0 %

(a) Column 1 divided by Asset Page, Column 1, Line 28
(b) Column 5 divided by Asset Page, Column 3, Line 28

(2–4) The Company has no assets pledged as collateral not captured in other categories and no other restricted assets as of December 31, 2016 or 2015.

I. Working Capital Finance Investments — Not applicable.

J. Offsetting and Netting of Assets and Liabilities

The Company does not have any offsetting or netting of assets and liabilities as it relates to derivatives, repurchase and reverse repurchase agreements, and securities borrowing and securities lending activities.

K. Structured Notes

The Company does not have any structured notes.

L. 5* Securities

The Company does not have any investments with an NAIC designation of 5* as of December 31, 2016 and 2015.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A–B. The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of admitted assets and did not recognize any impairment write-down for its investments in joint ventures, partnerships, and limited liability companies during the statement periods.

7. INVESTMENT INCOME

A. The Company excludes all investment income due and accrued amounts that are over 90 days past due from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

B. There were no investment income amounts excluded from the statutory basis financial statements.

8. DERIVATIVE INSTRUMENTS

A–F. The Company has no derivative instruments.

9. INCOME TAXES

A. Deferred Tax Asset/Liability

(1) The components of the net deferred tax asset at December 31, 2016 and 2015 are as follows:

	2016			2015			Change		
	1 Ordinary	2 Capital	3 (Col 1 + 2) Total	4 Ordinary	5 Capital	6 (Col 4 + 5) Total	7 (Col 1 - 4) Ordinary	8 (Col 2 - 5) Capital	9 (Col 7 + 8) Total
(a) Gross deferred tax assets	$ 5,230,411	$ -	$ 5,230,411	$ 4,522,909	$ -	$ 4,522,909	$ 707,502	$ -	$ 707,502
(b) Statutory valuation allowance adjustments	-	-	-	-	-	-	-	-	-
(c) Adjusted gross deferred tax assets (1a - 1b)	5,230,411	-	5,230,411	4,522,909	-	4,522,909	707,502	-	707,502
(d) Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
(e) Subtotal net admitted deferred tax asset (1c - 1d)	5,230,411	-	5,230,411	4,522,909	-	4,522,909	707,502	-	707,502
(f) Deferred tax liabilities	330,077	5,819	335,896	310,835	2,473	313,308	19,242	3,346	22,588
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e - 1f)	$ 4,900,334	$ (5,819)	$ 4,894,515	$ 4,212,074	$ (2,473)	$ 4,209,601	$ 688,260	$ (3,346)	$ 684,914

(2) The components of the adjusted gross deferred tax assets admissibility calculation under SSAP No. 101, *Income Taxes—A Replacement of SSAP No. 10R and SSAP No. 10* are as follows:

	2016			2015			Change		
	1	2	3	4	5	6	7	8	9
Admission Calculation Components SSAP No. 101	**Ordinary**	**Capital**	**(Col 1 + 2) Total**	**Ordinary**	**Capital**	**(Col 4 + 5) Total**	**(Col 1 - 4) Ordinary**	**(Col 2 - 5) Capital**	**(Col 7 + 8) Total**
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	$ 5,230,411	$ -	$ 5,230,411	$ 4,522,909	$ -	$ 4,522,909	$ 707,502	$ -	$ 707,502
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	-	-	-	-	-	-	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	17,119,287	XXX	XXX	21,441,387	XXX	XXX	(4,322,100)
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	-	-	-	-	-	-	-	-
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	$ 5,230,411	$ -	$ 5,230,411	$ 4,522,909	$ -	$ 4,522,909	$ 707,502	$ -	$ 707,502

(3) The ratio percentage and adjusted capital and surplus used to determine the recovery period and threshold limitations for the admissibility calculation are presented below:

	2016	**2015**
(a) Ratio percentage used to determine recovery period and threshold limitation amount	437 %	564 %
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)(2) above	$ 114,128,580	$ 142,942,577

(4) The impact to the gross deferred tax assets balances as a result of tax-planning strategies as of December 31, 2016 and 2015 is presented below:

	2016		2015		Change	
	1	2	3	4	5	6
Impact of Tax-Planning Strategies	**Ordinary**	**Capital**	**Ordinary**	**Capital**	**(Col 1 - 3) Ordinary**	**(Col 2 - 4) Capital**
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets by tax character as a percentage.						
1. Adjusted gross DTAs amount from Note 9A1(c)	$ 5,230,411	$ -	$ 4,522,909	$ -	$ 707,502	$ -
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax-planning strategies	- %	- %	- %	- %	- %	- %
3. Net admitted adjusted gross DTAs amount from Note 9A1(e)	$ 5,230,411	$ -	$ 4,522,909	$ -	$ 707,502	$ -
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax-planning strategies	- %	- %	- %	- %	- %	- %
(b) Does the Company's tax-planning strategies include the use of reinsurance?			Yes ____		No X	

B. Unrecognized Deferred Tax Liabilities

(1–4) There are no unrecognized deferred tax liabilities for the years ended December 31, 2016 and 2015.

C. Significant Components of Income Taxes

(1) The current federal and foreign income taxes incurred for the years ended December 31, 2016 and 2015 are as follows:

	1 2016	2 2015	3 (Col 1 - 2) Change
1. Current income tax			
(a) Federal	$ 14,177,124	$ 21,555,852	$ (7,378,728)
(b) Foreign	-	-	-
(c) Subtotal	14,177,124	21,555,852	(7,378,728)
(d) Federal income tax on net capital gains	462,583	480,869	(18,286)
(e) Utilization of capital loss carryforwards	-	-	-
(f) Other	-	-	-
(g) Total federal and foreign income taxes incurred	$ 14,639,707	$ 22,036,721	$ (7,397,014)

(2–4) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2016 and 2015 are as follows:

	1 2016	2 2015	3 (Col 1 - 2) Change
2 Deferred tax assets:			
(a) Ordinary:			
(1) Discounting of unpaid losses	$ 277,340	$ 388,651	$ (111,311)
(2) Unearned premium reserve	3,046,990	2,864,255	182,735
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables—nonadmitted	1,894,489	1,242,368	652,121
(11) Net operating loss carryforward	-	-	-
(12) Tax credit carry forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	11,592	27,635	(16,043)
(99) Subtotal	5,230,411	4,522,909	707,502
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	5,230,411	4,522,909	707,502
(e) Capital:			
(1) Investments	-	-	-
(2) Net capital loss carryforward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	-	-	-
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	-	-	-
(i) Admitted deferred tax assets (2d + 2h)	5,230,411	4,522,909	707,502
3 Deferred tax liabilities:			
(a) Ordinary:			
(1) Investments	33,062	25,937	7,125
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	297,015	284,898	12,117
(99) Subtotal	330,077	310,835	19,242
(b) Capital:			
(1) Investments	5,819	2,473	3,346
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities	-	-	-
(99) Subtotal	5,819	2,473	3,346
(c) Deferred tax liabilities (3a99 + 3b99)	335,896	313,308	22,588
4 Net deferred tax assets/liabilities (2i - 3c)	$ 4,894,515	$ 4,209,601	$ 684,914

The other ordinary deferred tax liability of $297,015 for 2016 consists of premium acquisition expense. The other ordinary deferred tax liability of $284,898 for 2015 consists of premium acquisition expense.

The Company assessed the potential realization of the gross deferred tax asset and as a result no statutory valuation allowance was required and no allowance was established as of December 31, 2016 and 2015.

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 35% to net income before federal income taxes incurred, plus capital gains tax. A summarization of the significant items causing this difference as of December 31, 2016 and 2015 are as follows:

	2016		2015	
	Amount	Effective Tax Rate	Amount	Effective Tax Rate
Tax provision at the federal statutory rate	$ 9,569,812	35%	$ 17,343,121	35%
Tax-exempt interest	(427,329)	-2%	(470,820)	-1%
Health insurer fee	4,938,359	18%	4,719,648	10%
Tax effect of nonadmitted assets	(635,814)	-2%	(296,279)	-1%
Prior year true-up	509,766	2%	-	0%
Other	-	0%	(5)	0%
Total statutory income taxes	$ 13,954,794	51%	$ 21,295,665	43%
Federal income taxes incurred	$ 14,177,124	52%	$ 21,555,852	44%
Capital gains tax	462,583	2%	480,869	1%
Change in net deferred tax asset	(684,913)	-3%	(741,056)	-2%
Total statutory income taxes	$ 13,954,794	51%	$ 21,295,665	43%

E. At December 31, 2016, the Company had no net operating loss carryforwards.

Current federal income taxes recoverable of approximately $8,358,058 and $2,262,275 as of December 31, 2016 and 2015, respectively, are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Federal income taxes paid, net of refunds were $20,735,491 and $28,640,396 in 2016 and 2015, respectively.

Federal income taxes incurred of $14,129,941 and $22,546,491 for 2016 and 2015, respectively, are available for recoupment in the event of future net losses.

The Company has not admitted any aggregate amounts of deposits that are included within Section 6603 ("Deposits made to suspend running of interest on potential underpayments, etc.") of the Internal Revenue Service ("IRS") Code.

F. The Company is included in the consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y—Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The IRS has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2015 and prior. UnitedHealth Group's 2016 tax return is under advance review by the IRS under its Compliance Assurance Program. With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2010 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

G. **Tax Contingencies** — Not applicable.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

A–L. Material Related Party Transactions

Pursuant to the terms of a Management Agreement (the "Agreement"), UHS will provide management services to the Company under a fee structure, which is based on a percentage of premium charges representing UHS' expenses for services or use of assets provided to the Company. In addition, UHS provides or arranges for services on behalf of the Company using a pass-through of charges incurred by UHS on a PMPM basis (where the charges incurred by UHS is on a PMPM basis) or using another allocation methodology consistent with the Agreement. These services may include, but are not limited to, integrated personal health management solutions, such as disease management, treatment decision support, and wellness services, including a 24-hour call-in service, access to a network of transplant providers, and discount program services. The amount and types of services provided pursuant to the pass-through provision of the Agreement can change year over year as UHS becomes the contracting entity for services provided to the Company's members. Total administrative services, capitation, and access fees under this arrangement totaled $65,143,372 and $49,691,712 in 2016 and 2015, respectively, and are included in general administrative expenses and CAE in the statutory basis statements of operations. Direct expenses not covered under the Agreement, such as broker commissions, Department exam fees, ACA assessments, and premium taxes, are paid by UHS on behalf of the Company. UHS is reimbursed by the Company for these direct expenses.

The Company also directly contracts with related parties to provide services to its members. The Company expensed as hospital and medical expenses, general administrative expenses, and CAE $110,699,617 and $81,868,580 in capitation expenses, administrative services, and access fees paid to related parties during 2016 and 2015, respectively. United Behavioral Health provides mental health and substance abuse services. Dental Benefit Providers, Inc. provides dental care assistance. Spectera, Inc. provides administrative services related to vision benefit management and claims processing. OptumHealth Care Solutions, Inc. provides chiropractic, physical therapy and complex medical conditions services. The capitation expenses, administrative services, and access fees paid to related parties, that are included as hospital and medical expenses, general administrative expenses, and CAE in the statutory basis statements of operations for the years ended December 31, 2016 and 2015, are shown below:

	2016	2015
United Behavioral Health	$ 100,833,876	$ 74,170,911
United HealthCare Services, Inc.	9,523,828	7,356,576
Dental Benefit Providers, Inc.	190,447	203,348
OptumHealth Care Solutions, Inc.	138,907	122,574
Spectera, Inc.	12,559	15,171
Total	$ 110,699,617	$ 81,868,580

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Company contracts with OptumRx to provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees. Fees related to these agreements, which are calculated on a per-claim basis, of $4,494,891 and $3,789,704 in 2016 and 2015, respectively, are included in general administrative expenses and CAE in the statutory basis statements of operations.

The Company contracts with OptumRx to provide personal health products catalogues showing the healthcare products and benefit credits needed to redeem the respective products. OptumRx will mail the appropriate personal health products catalogues to the Company's members and manage the personal health products credit balance. OptumRx also distributes personal health products to individual members based upon the terms of the agreement. Fees related to this agreement in 2016 and 2015, which are calculated on a PMPM basis of $10,230 and $6,370 are included in hospital and medical expenses in the statutory basis statements of operations.

The Company has agreements with OptumInsight, Inc., an affiliate of the Company, for claim analytics, recovery of medical expense overpayments, retroactive fraud, waste and abuse, subrogation and premium audit services. All recoveries are returned to the Company by OptumInsight, Inc. on a monthly basis and a capitated service fee is charged to the Company as a PMPM. Service fees of $2,621,719 and $4,218,777 are included in CAE and general administrative expenses in the statutory basis statements of operations for the years ended December 31, 2016 and 2015, respectively.

The Company has premium payments that are received and claim payments that are processed by an affiliated UnitedHealth Group entity. Both premiums and claims applicable to the Company are settled at regular intervals throughout the month via the intercompany settlement process and any amounts outstanding are reflected in receivables from parent, subsidiaries, and affiliates, net, in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Effective February 1, 2016, the Company has entered into a facility participation agreement for home infusion therapy services with an affiliated entity, AxelaCare Intermediate Holding, LLC. This agreement has been approved by the Department.

The Company has an insolvency-only reinsurance agreement with UHIC, an affiliate of the Company, to provide insolvency protection for its enrollees. Reinsurance premiums, which are calculated on a percentage of member premium income, of $885,010 and $796,020 in

2016 and 2015, respectively, are netted against net premium income in the statutory basis statement of operations.

The Company also has a reinsurance agreement for its Medicaid product with UHIC. Under the provisions of the contract, the reinsurer indemnifies the Company for 80% of all eligible inpatient services in excess of $300,000 per Medicaid member during each contract year. The Company ceded premiums of $643,130 in 2016 and $618,083 in 2015 to UHIC under this agreement. Reinsurance recoveries of $83,068 and $363,478 as of December 31, 2016 and 2015, respectively, are included in net reinsurance recoveries in the statutory basis statement of operations.

The Company has a reinsurance agreement with UHIC, an affiliate of the Company, through which 60% of earned comprehensive commercial member premiums, hospital and medical expenses, and operating expenses are transferred to UHIC. Reinsurance premiums of $11,164,227 and $12,581,741 as of December 31, 2016 and 2015, respectively, were netted against net premium income in the statutory basis statement of operations. Reinsurance recoveries of $10,527,282 and $10,275,149 as of December 31, 2016 and 2015, respectively, are included in net reinsurance recoveries in the statutory basis statement of operations. The Company transferred general administrative expenses and CAE of $2,655,613 and $2,956,021 in 2016 and 2015, respectively, to UHIC under this agreement. The Company recorded receivables related to changes in reserve estimates that include changes related to medical loss ratio rebates of $775,504 and $1,199,104 in 2016 and 2015, respectively, which are netted against claims unpaid and aggregate health policy reserves within the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company recorded paid claim receivables related to this agreement, including payments made for the medical loss ratio rebates of $793,239 and $943,282 in 2016 and 2015, respectively, which are included in amounts recoverable from reinsurers within the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company recorded a receivable related to general administrative expenses and CAE of $13,052 and $305,312 in 2016 and 2015 respectively, which is included in other amounts receivable under reinsurance contracts in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

The Company has a reinsurance agreement with an affiliated entity, Unimerica, to cede obligations relating to transplants, infertility, chiropractic, physical and occupational, and mental health and substance abuse treatments and services. The agreement has been approved by the Department. Reinsurance premiums, which are calculated on a PMPM basis, of $4,842,077 and $4,382,172 as of December 31, 2016 and 2015, respectively were netted against net premium income in the statutory basis statement of operations. Reinsurance recoveries of $5,356,150 and $4,327,001 as of December 31, 2016 and 2015 are included in net reinsurance recoveries in the statutory basis statement of operations. There were $549,979 and $458,588 of amounts recoverable from reinsurers related to this agreement as of December 31, 2016 and 2015, respectively. The Company recorded receivables related to changes in reserve estimates that include changes related to medical loss ratio rebates of $849,873 and $633,581 in 2016 and 2015, respectively, which are netted against claims unpaid and aggregate health policy reserves within the statutory basis statements of admitted assets, liabilities, and capital and surplus. The agreement has been approved by the Department. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

The effect of reinsurance with related parties on net premiums and total hospital and medical expenses for the years ended 2016 and 2015, is as follows:

	2016	2015
Earned premiums:		
Direct	$ 816,919,565	$ 794,285,252
Ceded	(17,534,443)	(18,378,016)
Net premium income	$ 799,385,122	$ 775,907,236
Hospital and medical expenses:		
Direct	$ 758,484,194	$ 651,926,991
Ceded	(15,966,500)	(14,965,628)
Net hospital and medical expenses	$ 742,517,694	$ 636,961,363

The Company holds a $50,000,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of London InterBank Offered Rate both plus a margin of 0.50%. This credit agreement is subordinate to the extent it does not conflict with any credit facility held by either party. The agreement was renewed effective October 1, 2012 and shall continue until terminated pursuant to the terms of the credit agreement. No amounts were outstanding under the line of credit as of December 31, 2016 and 2015.

At December 31, 2016 and 2015, the Company reported $23,921,040 and $343,207, as amounts due to parent, subsidiaries and affiliates, net and receivables from parent, subsidiaries and affiliates, respectively, which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets. The Company pays interest expense on the monthly average balance in the net amounts due to parent, subsidiaries, and affiliates account, which is calculated at a fluctuating rate that approximates the prime rate. Net interest expense incurred by the Company in 2016 and 2015 relating to this balance was $40,147 and $35,966, respectively. Interest expense is included in general administrative expenses in the statutory basis statements of operations.

In addition to the agreements above, UHS maintains a private short-term money market investment pool in which affiliated companies may participate (see Note 1). At December 31, 2016 and 2015, the Company's portion was $12,626,791 and $110,367,088, respectively, and is included in common stock in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company has entered into a Tax Sharing Agreement with UnitedHealth Group (see Note 9).

The Company paid dividends of $64,700,000 and $16,000,000 in 2016 and 2015, respectively, to its parent. Included in paid dividends in 2016 was $25,000,000 that was declared in 2015 and paid in 2016 (see Note 13).

The Company does not have any amount deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity.

The Company does not have any investments in a subsidiary, controlled, or affiliated entity that exceeds 10% of admitted assets.

The Company does not have any investments in impaired subsidiaries, controlled, or affiliated entities.

The Company does not have any investments in foreign insurance subsidiaries.

The Company does not hold any investments in a downstream noninsurance holding company.

The Company does not have any investments in non-insurance subsidiaries, controlled, or affiliated entities.

The Company does not have any investments in insurance subsidiaries, controlled, or affiliated entities.

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party.

11. DEBT

A–B. The Company had no outstanding debt with third-parties or outstanding Federal Home Loan Bank agreements during 2016 and 2015.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS

A–I. The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits, or compensated absences plans and is not impacted by the Medicare Modernization Act on postretirement benefits, since all personnel are employees of UHS, which provides services to the Company under the terms of the Agreement (see Note 10).

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS

(1–2) The Company has 100 shares authorized and 10 shares issued and outstanding of no par value common stock. The Company has no preferred stock outstanding. All issued and outstanding shares of common stock are held by the Company's parent, UHS.

(3) Payment of dividends may be restricted by the Department, which generally requires that dividends be paid out of unassigned surplus.

(4) On November 18, 2016, the Company requested an extraordinary cash dividend of $25,000,000 to its parent company, UHS. The dividend was approved on November 30, 2016, and paid on December 2, 2016, which was recorded as a reduction to unassigned surplus in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company paid an ordinary cash dividend to UHS of $14,700,000 on June 7, 2016, which required no approval and was recorded as a reduction to unassigned surplus in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

On December 9, 2015, the Company requested an extraordinary dividend for $75,000,000 to UHS. On February 2, 2016, the Company received approval from the Department to pay an extraordinary dividend of $25,000,000, which was recorded in other liabilities in the statutory basis statements of admitted assets, liabilities and capital and surplus, and as a reduction to surplus within the statutory basis statements of changes in capital and surplus. The dividend was paid on February 4, 2016.

The Company paid an ordinary cash dividend to UHS of $16,000,000 on June 2, 2015, which required no approval and was recorded as a reduction to unassigned surplus in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

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

(6) There are no restrictions placed on the Company’s unassigned surplus.

(7) The Company is not a mutual reciprocal or a similarly organized entity and does not have advances to surplus not repaid.

(8) The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options, or stock purchase warrants.

(9) As discussed in Note 1, in 2016 no amount is required to be apportioned out of unassigned surplus for the Section 9010 ACA subsequent fee year assessment. For the year ended December 31, 2015, the amount of the estimated Section 9010 ACA subsequent fee year assessment apportioned out of unassigned surplus was $14,047,612.

(10) The portion of unassigned surplus, excluding the apportionment of estimated Section 9010 ACA subsequent fee year assessment, net income, and dividends, represented (or reduced) by each item below is as follows:

	2016	**2015**	**Change**
Net deferred income taxes	$ 4,894,515	$ 4,209,601	$ 684,914
Nonadmitted assets	(5,412,847)	(3,596,235)	(1,816,612)
Total	$ (518,332)	$ 613,366	$ (1,131,698)

(11–13) The Company does not have any outstanding surplus notes and has never been a party to a quasi-reorganization.

14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent Commitments

The Company has no contingent commitments.

B. Assessments

The Company is not aware of any guarantee fund assessments or premium tax offsets, potential or accrued, that could have a material financial effect on the operations of the entity.

C. Gain Contingencies

The Company is not aware of any gain contingencies that should be disclosed in the statutory basis financial statements.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits — Not applicable.

E. Joint and Several Liabilities — Not applicable.

F. All Other Contingences

The Company's business is regulated at the federal, state, and local levels. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.

The ACA and the related federal and state regulations will continue to impact how the Company does business and could restrict revenue and enrollment growth in certain products and market segments, restrict premium growth rates for certain products and market segments, increase the Company's medical and administrative costs, expose the Company to an increased risk of liability (including increasing the Company's liability in federal and state courts for coverage determinations and contract interpretation), or put the Company at risk for loss of business. In addition, the Company's statutory basis results of operations, financial condition, and cash flows could be materially adversely affected by such changes. The ACA may create new or expand existing opportunities for business growth, but due to its complexity, the long term impact of the ACA remains difficult to predict and is not yet fully known.

The Company has been, or is currently involved, in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments and other governmental authorities. Certain of the Company's businesses have been reviewed or are currently under review, for reasons including compliance with coding and other requirements under the Medicare risk-adjustment model.

In February 2017, the United States Department of Justice decided to pursue, in part, a *qui tam* lawsuit that previously had been under seal challenging compliance with coding and other requirements under the Medicare risk-adjustment model (the Poehling matter). The Department of Justice and the *qui tam* plaintiff may file amended complaints in the coming months. The Company cannot reasonably estimate the range of loss, if any, that may result from the Poehling matter.

Risk Adjustment Data Validation ("RADV") Audit — CMS adjusts capitation payments to Medicare Advantage plans and Medicare Part D plans according to the predicted health status of each beneficiary as supported by data from health care providers. The Company collects claim and encounter data from providers who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted and member demographic information.

CMS and the Office of Inspector General for Health and Human Services periodically perform RADV audits of selected Medicare health plans to validate the coding practices and supporting documentation maintained by health care providers. Such audits have in the past resulted in, and in the future could result in, retrospective adjustments to payments made to the Company, fines, corrective action plans or other adverse action by CMS.

In February 2012, CMS announced a final RADV and payment adjustment methodology audit. It will conduct the RADV audits beginning with the 2011 payment year. These audits involve a review of medical records maintained by care providers and may result in retrospective adjustments to payments made to health plans. CMS has not communicated how the final payment adjustment under its methodology will be implemented.

Because of the nature of its businesses, the Company is frequently made party to a variety of legal actions and regulatory inquiries, including class actions and suits brought by members, care providers, consumer advocacy organizations, customers and regulators, relating to the Company's businesses, including management and administration of health benefit plans and other services.

The Company records liabilities for its estimates of probable costs resulting from these matters where appropriate. Estimates of costs resulting from legal and regulatory matters involving the Company are inherently difficult to predict, particularly where the matters: involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or represent a shift in regulatory policy; involve a large number of claimants or regulatory bodies; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, the Company is often unable to estimate the losses or ranges of losses for those matters where there is a reasonable possibility or it is probable that a loss may be incurred. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

The Company routinely evaluates the collectability of all receivable amounts included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Company's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company's statutory basis financial condition.

There are no assets that the Company considers to be impaired at December 31, 2016 and 2015.

15. LEASES

A–B. According to the Agreement between the Company and UHS (see Note 10), operating leases for the rental of office facilities and equipment are the responsibility of UHS. Fees associated with the lease agreements are included as a component of the Company's management fee.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

(1–4) The Company does not hold any financial instruments with off-balance-sheet risk or concentrations of credit risk.

17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A–C. The Company did not participate in any transfer of receivables, financial assets, or wash sales.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

A–B. The Company has no operations from Administrative Services Only Contracts or Administrative Services Contracts in 2016 and 2015.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

The Medicare Part D program is a partially insured plan. The Company recorded a payable of $548,094 and $0 at December 31, 2016 and 2015, respectively, and a receivable of $0 and $2,208,463 at December 31, 2016 and 2015, respectively, for cost reimbursements under the Medicare Part D program for the catastrophic reinsurance and low-income member cost-sharing subsidies as described in Note 1, *Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans*. The Company also recorded a receivable of $1,083,009 and $643,348 and also a payable of $2,828,158 and $476,028 at December 31, 2016 and 2015, respectively, for the Medicare Part D CGDP as described in Note 1, *Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans.*

The Company's Medicaid contract is subject to reconciliations under the ACA program for enhanced rates to primary care physicians through non-risk reconciled payments. The Company recorded a receivable in amounts receivable relating to uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus of $0 and $2,834,335 as of December 31, 2016 and December 31, 2015 respectively, for cost reimbursements and payments to providers under this program. There is no risk to the Company since any excess or shortfall is 100% remitted to or received back from the state after the final reconciliation. The enhanced rate program is in run-out as of December 31, 2016.

The Company receives payments from CMS under the ACA Cost Sharing Reduction ("CSR") program designed to reduce copayments, deductibles, and coinsurance for lower-income members. There is no risk to the Company as a result of the CSR program. Overpayments from CMS are reported in liability for amounts held under uninsured plans and underpayments are reported in amounts receivable relating to uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has recorded a liability of $258,152 and $126,332 for the CSR program as of December 31, 2016 and December 31, 2015, respectively.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators in 2016 and 2015.

20. FAIR VALUE MEASUREMENT

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

Level 1—Quoted (unadjusted) prices for identical assets in active markets.

Level 2—Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.);
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.);
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3—Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds, short-term investments, and common stocks are based on quoted market prices, where available. The Company obtains one price for each security primarily from a third-party pricing service (“pricing service”), which generally uses quoted prices or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, non-binding broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to a secondary pricing source, prices reported by its custodian, its investment consultant, and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. The Company’s internal price verification procedures and review of fair value methodology documentation provided by independent pricing services have not historically resulted in an adjustment in the prices obtained from the pricing service.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest-level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

A. Fair Value

(1) Fair Value Measurements at Reporting Date

The following tables present information about the Company’s financial assets that are measured and reported at fair value at December 31, 2016 and 2015, in the statutory basis statements of admitted assets, liabilities, and capital and surplus according to the valuation techniques the Company used to determine their fair values:

Description for Each Class of Asset or Liability	December 31, 2016 (Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Perpetual preferred stock:				
Industrial and misc	$ -	$ -	$ -	$ -
Parent, subsidiaries, and affiliates	-	-	-	-
Total perpetual preferred stocks	-	-	-	-
Bonds:				
U.S. governments	-	-	-	-
Industrial and misc	-	-	-	-
Hybrid securities	-	-	-	-
Parent, subsidiaries, and affiliates	-	-	-	-
Total bonds	-	-	-	-
Common stock:				
Industrial and misc	12,626,791		-	12,626,791
Parent, subsidiaries, and affiliates	-	-	-	-
Total common stock	12,626,791	-	-	12,626,791
Derivative assets:				
Interest rate contracts	-	-	-	-
Foreign exchange contracts	-	-	-	-
Credit contracts	-	-	-	-
Commodity futures contracts	-	-	-	-
Commodity forward contracts	-	-	-	-
Total derivatives	-	-	-	-
Total assets at fair value	$ 12,626,791	$ -	$ -	$ 12,626,791
b. Liabilities at fair value:				
Derivative liabilities	$ -	$ -	$ -	$ -
Total liabilities at fair value	$ -	$ -	$ -	$ -

Description for Each Class of Asset or Liability	December 31, 2015 (Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value:				
Perpetual preferred stock:				
Industrial and misc	$ -	$ -	$ -	$ -
Parent, subsidiaries, and affiliates	-	-	-	-
Total perpetual preferred stocks	-	-	-	-
Bonds:				
U.S. governments	-	-	-	-
Industrial and misc	-	-	-	-
Hybrid securities	-	-	-	-
Parent, subsidiaries, and affiliates	-	-	-	-
Total bonds	-	-	-	-
Common stock:				
Industrial and misc	110,367,088	-	-	110,367,088
Parent, subsidiaries, and affiliates	-	-	-	-
Total common stock	110,367,088	-	-	110,367,088
Derivative assets:				
Interest rate contracts	-	-	-	-
Foreign exchange contracts	-	-	-	-
Credit contracts	-	-	-	-
Commodity futures contracts	-	-	-	-
Commodity forward contracts	-	-	-	-
Total derivatives	-	-	-	-
Total assets at fair value	$ 110,367,088	$ -	$ -	$ 110,367,088
b. Liabilities at fair value:				
Derivative liabilities	$ -	$ -	$ -	$ -
Total liabilities at fair value	$ -	$ -	$ -	$ -

There were no transfers between Levels 1 and 2 during the years ended December 31, 2016 and 2015.

2) The Company does not have any financial assets with a fair value hierarchy of Level 3 that were measured and reported at fair value.

(3) Transfers between fair value hierarchy levels, if any, are recorded as of the beginning of the reporting period in which the transfer occurs. There were no transfers between Levels 1, 2 or 3 of any financial assets or liabilities during the years ended December 31, 2016 or 2015.

(4) The Company has no investments reported with a fair value hierarchy of Level 2 or Level 3 and therefore has no valuation technique to disclose.

(5) The Company has no derivative assets and liabilities to disclose.

B. Fair Value Combination — Not applicable.

C. Aggregate Fair Value Hierarchy

The aggregate fair value by hierarchy of all financial instruments as of December 31, 2016 and 2015 is presented in the table below:

	2016					
Types of Financial Investment	**Aggregate Fair Value**	**Admitted Assets**	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Not Practicable (Carrying Value)**
U.S. government and agency securities	$ 63,105,089	$ 63,641,856	$ 33,046,518	$ 30,058,571	$ -	$ -
State and agency municipal securities	34,534,207	34,534,959	-	34,534,207	-	-
City and county municipal securities	16,356,862	16,515,879	-	16,356,862	-	-
Corporate debt securities	85,210,462	85,135,003	-	85,210,462	-	-
Money-market funds	6,961,423	6,961,423	6,961,423	-	-	-
Equity (including marketable common stock)	12,626,791	12,626,791	12,626,791	-	-	-
Total bonds, short-term investments, and equity (including marketable common stocks)	$ 218,794,834	$ 219,415,911	$ 52,634,732	$ 166,160,102	$ -	$ -

	2015					
Types of Financial Investment	**Aggregate Fair Value**	**Admitted Assets**	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Not Practicable (Carrying Value)**
U.S. government and agency securities	$ 65,134,290	$ 65,118,248	$ 30,161,463	$ 34,972,828	$ -	$ -
State and agency municipal securities	33,218,267	32,144,645	-	33,218,267	-	-
City and county municipal securities	20,316,447	19,703,214	-	20,316,446	-	-
Corporate debt securities	86,860,844	86,858,904	-	86,860,844	-	-
Money-market funds	383,965	383,965	383,965	-	-	-
Equity (including marketable common stock)	110,367,088	110,367,088	110,367,088	-	-	-
Total bonds, short-term investments, and equity (including marketable common stocks)	$ 316,280,901	$ 314,576,064	$ 140,912,516	$ 175,368,385	$ -	$ -

Included as Level 1 in U.S. government and agency securities in the fair value hierarchy tables above are U.S. Treasury securities of $33,046,518 and $30,161,463 as of December 31, 2016 and December 31, 2015, respectively.

There are no U.S. Treasury securities included in U.S. government and agency securities in the fair value hierarchy tables above as of December 31, 2016 or December 31, 2015.

There are no commercial paper investments included in corporate debt securities in the fair value hierarchy tables above as of December 31, 2016 and 2015.

D. Not Practicable to Estimate Fair Value — Not applicable.

21. OTHER ITEMS

A. The Company did not encounter any extraordinary items for the years ended December 31, 2016 or 2015.

B. The Company has no troubled debt restructurings as of December 31, 2016 or 2015.

C. The Company does not have any amounts not recorded in the statutory basis financial statements that represent segregated funds held for others. The Company also does not have any exposures related to forward commitments.

D. The Company has not received any business interruption insurance recoveries during 2016 and 2015.

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

F. Sub-Prime Mortgage-Related Risk Exposure

(1) The investment policy for the Company limits investments in loan-backed securities, which includes sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are NAIC rating of 1 and/or 2.

(2) The Company has no direct exposure through investments in sub-prime mortgage loans.

(3) Direct exposure through other investments is as follows:

2016

	Actual Cost	Book/ Adjusted Carrying Value (Excluding Interest)	Fair Value	Other-than-Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	$ 249,525	$ 274,152	$ 339,819	$ -
b. Commercial mortgage-backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investment in SCAs	-	-	-	-
f. Other assets	-	-	-	-
g. Total	$ 249,525	$ 274,152	$ 339,819	$ -

2015

	Actual Cost	Book/ Adjusted Carrying Value (Excluding Interest)	Fair Value	Other-than-Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	$ 313,357	$ 340,265	$ 432,577	$ -
b. Commercial mortgage-backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	-	-	-	-
e. Equity investment in SCAs	-	-	-	-
f. Other assets	-	-	-	-
g. Total	$ 313,357	$ 340,265	$ 432,577	$ -

(4) The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage.

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

H. As of December 31, 2016, the Company is not aware of any possible proceeds of insurance-linked securities.

22. EVENTS SUBSEQUENT

Subsequent events have been evaluated through February 28, 2017, which is the date these statutory basis financial statements were available for issuance.

TYPE I — Recognized Subsequent Events

There are no events subsequent to December 31, 2016, that require recognition and disclosure.

TYPE II — Non-Recognized Subsequent Events

The Company is subject to the annual fee under Section 9010 of the ACA. The fee is allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of the health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, of the year the fee is due. Pursuant to the 2017 HIF moratorium (see Note 1), no HIF will be payable in 2017 and therefore there will be no amounts apportioned out of unassigned funds in 2016 representing an estimate of the 2017 HIF.

The table below presents information regarding the annual fee under Section 9010 of the ACA as of December 31, 2016 and 2015:

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?	YES	
B. ACA fee assessment payable for the upcoming year	$ -	$ 14,067,612
C. ACA fee assessment paid	14,103,099	13,484,710
D. Premium written subject to ACA 9010 assessment	-	789,961,695
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	119,023,095	-
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	19,023,095	-
G. Authorized Control Level (Five-Year Historical Line 15)	26,134,860	-
H. Would reporting the ACA assessment as of December 31, 2016, have triggered an RBC action level (YES/NO)?	NO	

There are no other events subsequent to December 31, 2016 that require disclosure.

23. REINSURANCE

Reinsurance Agreements — In the normal course of business, the Company seeks to reduce potential losses that may arise from catastrophic events that cause unfavorable underwriting results by reinsuring certain levels of such risk with affiliated (see Note 10) and other nonaffiliated reinsurers. The Company remains primarily liable as the direct insurer on all risks reinsured**.**

The Company is subject to the reinsurance provisions pursuant to the ACA for compliant individual policies (see Note 24).

The effect of both internal (see Note 10) and external reinsurance agreements outlined above on net premium income and hospital and medical expenses is presented below:

	2016	2015
Premiums:		
Direct	$ 816,919,565	$ 794,285,252
Ceded:		
Affiliate (Note 10)	(17,534,443)	(18,378,016)
Nonaffiliate	(31,579)	(33,418)
Net premium income	$ 799,353,543	$ 775,873,818
Hospital and medical expenses:		
Direct	$ 758,484,194	$ 651,926,991
Ceded:		
Affiliate (Note 10)	(15,966,500)	(14,965,628)
Nonaffiliate	(188,283)	(188,045)
Net hospital and medical expenses	$ 742,329,411	$ 636,773,318

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 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 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

(1) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2016.

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes ( ) No (X)

B. **Uncollectible Reinsurance** — During 2016 and 2015, there were no uncollectible reinsurance recoverables.

C. **Commutation of Ceded Reinsurance** — There was no commutation of reinsurance in 2016 or 2015.

D. **Certified Reinsurer Rating Downgraded or Status Subject to Revocation** — Not applicable**.**

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

A. The Company estimates accrued retrospective premium adjustments for its group health insurance business based on mathematical calculations in accordance with contractual terms.

B. Estimated accrued retrospective premiums due to (from) the Company are recorded in accrued retrospective premiums and aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

C. Pursuant to the ACA, the Company’s commercial business is subject to retrospectively rated features based on the actual medical loss ratios experienced on the commercial lines of business. The formula is calculated pursuant to the ACA guidance. The total amount of direct premiums written for the commercial lines of business subject to this retrospectively rated features was $18,829,713 and $22,714,247, representing 2% and 3% of total direct premiums written as of December 31, 2016 and 2015, respectively.

Pursuant to the ACA, the Company’s Medicare business is subject to retrospectively rated features based on the actual medical loss ratios experienced on the Medicare line of business. The formula is calculated pursuant to the ACA guidance. The total amount of direct premiums written for the Medicare line of business subject to this retrospectively rated feature was $356,610,513 and $263,376,801, representing 44% and 33% of total direct premiums written as of December 31, 2016 and 2015, respectively.

The Company has Medicare Part D risk-corridor amounts from CMS which are subject to a retrospectively rated feature related to Part D premiums. The Company has estimated accrued retrospective premiums related to certain Part D premiums based on guidelines determined by CMS. The formula is tiered and based on the bid medical loss ratio. The total amount of Medicare direct premiums written for which a portion is subject to redetermination features were $17,887,688 and $16,704,133 representing, 2% and 6% of total direct premiums written for 2016 and 2015, respectively.

The Medicaid business contract with the state of Rhode Island includes experience rebates. The rebate period is over the contract period, which is a June 30 year-end. The Company estimates accrued retrospective premium adjustments for its Medicaid business based on the tiered rebate formula provided in the contract. The formula is based on net income before taxes. The amount of net premium income that is subject to the state Medicaid contract retrospective rating feature was $441,479,339 and $508,358,486 representing 54% and 64% of total net premium income as of December 31, 2016 and 2015, respectively.

Estimated accrued retrospective premiums due from the Company are recorded in aggregate health policy reserves on the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations (see Note 2).

D. The Company is required to maintain a specific minimum loss ratio on the comprehensive commercial and Medicare line of business. The following table discloses the minimum medical loss ratio rebate liability which is included in aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus for the years ended December 31, 2016 and 2015:

	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
Prior reporting year					
(1) Medical loss ratio rebates incurred	$ 227,218	$ -	$ -	$ 4,703,756	$ 4,930,974
(2) Medical loss ratio rebates paid	-	-	-	-	-
(3) Medical loss rebates unpaid	227,218	-	-	4,703,756	4,930,974
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	136,331
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	4,794,643
Current reporting year-to-date					
(7) Medical loss ratio rebates incurred	(227,218)	-	-	(2,688,181)	(2,915,399)
(8) Medical loss ratio rebates paid	-	-	-	-	-
(9) Medical loss rebates unpaid	-	-	-	2,015,575	2,015,575
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	2,015,575

E. Risk-Sharing Provisions of the Affordable Care Act

(1) The Company has accident and health insurance premiums in 2016 and 2015 subject to the risk- sharing provisions of the ACA.

The ACA imposes fees and premium stabilization provisions on health insurance issuers offering comprehensive commercial health insurance. The three premium stabilization programs are commonly referred to as the 3Rs **—** risk adjustment, reinsurance, and risk corridors.

Risk Adjustment — The permanent risk adjustment program, designed to mitigate the potential impact of adverse selection and provide stability for health insurance issuers, applies to all non-grandfathered plans not subject to transitional relief in the individual and small group markets both inside and outside of the insurance exchanges. Premium adjustments pursuant to the risk adjustment program are accounted for as premium subject to redetermination and user fees are accounted for as assessments.

Reinsurance — The transitional reinsurance program was designed to protect issuers in the individual market from an expected increase in large claims due to the elimination of preexisting condition limitations. The transitional reinsurance program is effective from 2014 through 2016 and applies to all issuers of major medical commercial products and third-party administrators. Contributions attributable to enrollees in the ACA compliant individual plans, including program administrative costs, are accounted for as ceded premium and payments received are accounted for as ceded benefit recoveries. The portion of the individual contributions earmarked for the U.S. Treasury is accounted for as an assessment. Contributions made for enrollees in fully insured plans other than the ACA compliant individual plans, including program administrative costs and payments to the U.S. Treasury, are treated as assessments.

Risk Corridors — The temporary risk corridors program, designed to provide some aggregate protection against variability for issuers in the individual and small group markets during the period 2014 through 2016, applies to Qualified Health Plans in the individual and small group markets both inside and outside of the insurance exchanges. Premium adjustments pursuant to the risk corridors program are accounted for as premium adjustments for retrospectively rated contracts.

(2) The following table presents the current year impact of risk-sharing provisions of the ACA on assets, liabilities and operations.

a. Permanent ACA Risk Adjustment Program		**December 31, 2016**
Assets		
1. Premium adjustments receivable due to ACA Risk Adjustment	$	-
Liabilities		
2. Risk adjustment user fees payable for ACA Risk Adjustment		9,656
3. Premium adjustments payable due to ACA Risk Adjustment		5,264,319
Operations (revenue & expense)		
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment		(6,647,890)
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)		9,800
b. Transitional ACA Reinsurance Program		
Assets		
1. Amounts recoverable for claims paid due to ACA Reinsurance	$	176,697
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Lial		17,032
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance		-
Liabilities		
4. Liabilities for contributions payable due to ACA Reinsurance—not reported as ceded premium		129,005
5. Ceded reinsurance premiums payable due to ACA Reinsurance		20,440
6. Liability for amounts held under uninsured plans contributions for ACA Reinsurance		-
Operations (revenue & expense)		
7. Ceded reinsurance premiums due to ACA Reinsurance		31,579
8. Reinsurance recoveries (income statement) due to ACA reinsurance payments or expected payments		188,283
9. ACA Reinsurance contributions—not reported as ceded premium		117,866
c. Temporary ACA Risk Corridors Program		
Assets		
1. Accrued retrospective premium due to ACA Risk Corridors	$	-
Liabilities		
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors		-
Operations (revenue & expense)		
3. Effect of ACA Risk Corridors on net premium income (paid/received)		(94,075)
4. Effect of ACA Risk Corridors on change in reserves for rate credits		695,120

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

	Accrued During the Prior Year on Business Written before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium Adjustment Receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	A	$ -	$ -
2. Premium Adjustment (Payable)	-	(3,833,815)	-	(5,217,386)	-	1,383,571	-	(1,383,571)	B	-	-
3. Subtotal ACA Permanent Risk Adjustment Program	-	(3,833,815)	-	(5,217,386)	-	1,383,571	-	(1,383,571)		-	-
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	165,674	-	182,599	-	(16,925)	-	39,326	-	C	22,401	-
2. Amounts recoverable for claims unpaid (contra liability)	22,371	-	-	-	22,371	-	(22,371)	-	D	-	-
3. Amounts receivable relating to uninsured plans	-	-	-	-	-	-	-	-	E	-	-
4. Liabilities for contributions payable due to ACA Reinsurance—not reported as ceded premium	-	(212,366)	-	(212,366)	-	-	-	-	F	-	-
5. Ceded reinsurance premiums payable	-	(33,418)	-	(33,418)	-	-	-	-	G	-	-
6. Liability for amounts held under uninsured plans	-	-	-	-	-	-	-	-	H	-	-
7. Subtotal ACA Transitional Reinsurance Program	188,045	(245,784)	182,599	(245,784)	5,446	-	16,955	-		22,401	-
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	14	-	31	-	(17)	-	17	-	I	-	-
2. Reserve for rate credits or policy experience rating refunds	-	(695,134)	-	(94,105)	-	(601,029)	-	601,029	J	-	-
3. Subtotal ACA Risk Corridors Program	14	(695,134)	31	(94,105)	(17)	(601,029)	17	601,029		-	-
d. Total for ACA Risk-Sharing Provisions	$ 188,059	$ (4,774,733)	$ 182,630	$ (5,557,275)	$ 5,429	$ 782,542	$ 16,972	$ (782,542)		$ 22,401	$ -

Explanation of Adjustments

A. N/A

B. The 2015 December risk adjustment factor payable was reported based on estimated state risk transfer factors for each state and risk pool utilizing paid claims data through October 31, 2015. The adjustments as of 12/31/2016 reflect true-ups based on the Final CMS Summary Report on Transitional Reinsurance Payments and the Permanent Risk Adjustment Transfers for the 2015 Program Year and reflect the balance in accordance with the CMS cash settlement process at the state and market level.

C. The adjustment to the amounts recoverable for paid claims was driven by the inclusion of 4 months of additional paid claims run out data from December 2015 to April 2016 as well as CMS increasing the reinsurance co-insurance rate from the previously published 50% to 55.2% in Q2 '16.

D. The adjustment to the amounts recoverable for claims unpaid reflects the HHS Reinsurance Program parameters which base the final reinsurance recovery amount only on 2015 incurred claims data paid through April 2016.

E. N/A

F. N/A

G. N/A

H. N/A

I. N/A

J. The decrease in the policy experience rating refund payable was driven by adjustments in the calculation of the Allowable Costs and Target Amounts due to the inclusion of 3 additional months of run-out on claims and premium retroactivity as well as the inclusion of the final Risk Adjustment and Reinsurance amounts for Program Year 2015 based on the Final CMS Summary Report on Transitional Reinsurance & the Permanent Risk Adjustment Transfers received on 6/30/2016.

(4) The Company does not have any risk corridor receivables or payables to present in the table below.

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1–3)	Prior Year Accrued Less Payments (Col 2–4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1–3+7)	Cumulative Balance from Prior Years (Col 2–4+8)
	1	2	3	4	5	6	7	8		9	10
Risk Corridors Program Year:	**Receivable**	**(Payable)**	**Receivable**	**(Payable)**	**Receivable**	**(Payable)**	**Receivable**	**(Payable)**	**Ref**	**Receivable**	**(Payable)**
a. 2014											
1. Accrued retrospective premium	$ -	$ -	$ 96	$ -	$ (96)	$ -	$ 96	$ -	A	$ -	$ -
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	B	-	-
b. 2015											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-	C	-	-
2. Reserve for rate credits or policy experience rating refunds	-	(695,134)	-	-	-	(695,134)	-	695,134	D	-	-
c. 2016											
1. Accrued retrospective premium	-	-	-	-	-	-	-	-	E	-	-
2. Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	F	-	-
d. Total for Risk Corridors	$ -	$ (695,134)	$ 96	$ -	$ (96)	$ (695,134)	$ 96	$ 695,134		$ (192)	$ (1,390,268)

Explanation of Adjustments

A. The increased policy Accrued Retrospective Premium was driven by adjustments in the calculation of the Allowable Costs and Target Amounts due to the inclusion of 3 additional months of run-out on claims and premium retroactivity as well as the inclusion of the final Risk Adjustment and Reinsurance program transfer amounts.

B.

C.

D. The decreased policy experience rating refund payable was driven by adjustments in the calculation of the Allowable Costs and Target Amounts due to the inclusion of 3 additional months of run-out on claims and premium retroactivity as well as the inclusion of the final Risk Adjustment and Reinsurance program transfer amounts.

E.

F.

(5) The Company does not have any risk corridor receivables to present in the table below.

	1	2	3	4	5	6
Risk Corridors Program Year:	**Estimated Amount to be Filed or Final Amount Filed with CMS**	**Non-Accrued Amounts for Impairment or Other Reasons**	**Amounts received from CMS**	**Asset Balance (Gross of Non-admissions) (1-2-3)**	**Non-admitted Amount**	**Net Admitted Asset (4-5)**
a. 2014	$ 763	$ 667	$ 96	$ -	$ -	$ -
b. 2015	-	-	-	-	-	-
c. 2016	1,995	1,995	-	-	-	-
d. Total (a+b+c)	$ 2,758	$ 2,662	$ 96	$ -	$ -	$ -

25. CHANGE IN INCURRED CLAIMS AND CAE

Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves, health care receivable and reinsurance recoverables for the years ended December 31, 2016 and 2015:

	2016		
	Current Year Incurred Claims	**Prior Years Incurred Claims**	**Total**
Beginning of year claim reserve	$ -	$ (133,051,111)	$ (133,051,111)
Paid claims—net of health care receivable and reinsurance recoveries collected	662,878,111	107,178,583	770,056,694
End of year claim reserve	99,678,833	2,013,329	101,692,162
Incurred claims excluding the change in health care receivable and reinsurance recoverables as presented below	762,556,944	(23,859,199)	738,697,745
Beginning of year health care receivable and reinsurance recoverables	-	25,060,253	25,060,253
End of year health care receivable and reinsurance recoverables	(18,854,038)	(2,574,549)	(21,428,587)
Total incurred claims	$ 743,702,906	$ (1,373,495)	$ 742,329,411

	2015		
	Current Year Incurred Claims	**Prior Years Incurred Claims**	**Total**
Beginning of year claim reserve	$ -	$ (107,686,686)	$ (107,686,686)
Paid claims—net of health care receivable and reinsurance recoveries collected	551,692,327	64,726,540	616,418,867
End of year claim reserve	110,825,524	22,225,587	133,051,111
Incurred claims excluding the change in health care receivable and reinsurance recoverables as presented below	662,517,851	(20,734,559)	641,783,292
Beginning of year health care receivable and reinsurance recoverables	-	20,050,279	20,050,279
End of year health care receivable and reinsurance recoverables	(20,952,306)	(4,107,947)	(25,060,253)
Total incurred claims	$ 641,565,545	$ (4,792,227)	$ 636,773,318

The liability for claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves, net of health care and other amounts receivable, and reinsurance recoverables as of December 31, 2015 was $107,990,858. As of December 31, 2016 $107,178,583 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years, net of health care receivable and reinsurance recoverables are now $561,220, as a result of re-estimation of unpaid claims. Therefore, there has been $1,373,495 favorable prior year development since December 31, 2015 to December 31, 2016. The primary drivers consist of favorable development as a result of a change in the provision for adverse deviations in experience of $3,460,394, favorable development of $232,327 in retroactivity for inpatient, outpatient, physician, and pharmacy claims; partially offset by unfavorable development of $1,268,913 in capitation and $1,043,769 in Medicare risk share expenses. At December 31, 2015, the Company recorded $4,792,227 of favorable development as a result of a change in the provision for adverse deviations in experience of $2,890,040 and by favorable development of $2,580,270 in retroactivity for inpatient, outpatient, physician, and pharmacy claims, partially offset by unfavorable development of $488,048 in reinsurance and unfavorable development of $136,311 in pharmacy rebates. Original estimates are increased or decreased, as additional information becomes known regarding individual claims, including the medical loss ratio rebate accrual. Included in this development is the impact related to retrospectively rated policies, which also has a corresponding impact on medical loss ratio rebates. As a result of the prior year effects, on a regular basis, the Company adjusts revenue and the corresponding liability and/or receivable related to retrospectively rated policies and the impact of the change is included as a component of change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

The Company incurred CAE of $35,545,115 and $33,925,904 in 2016 and 2015, respectively. These costs are included in the management service fees paid by the Company to UHS as a part of its management agreement (see Note 10). The following tables disclose paid CAE, incurred CAE, and the balance in the unpaid claim adjustment expenses reserve for 2016 and 2015:

	2016	2015
Total claims adjustment expenses	$ 35,545,115	$ 33,925,904
Less current year unpaid claims adjustment expenses	(1,083,143)	(800,248)
Add prior year unpaid claims adjustment expenses	800,248	651,048
Total claims adjustment expenses paid	$ 35,262,220	$ 33,776,704

26. INTERCOMPANY POOLING ARRANGEMENTS

A–G. The Company did not have any intercompany pooling arrangements in 2016 or 2015.

27. STRUCTURED SETTLEMENTS

A–B. The Company did not have structured settlements in 2016 or 2015.

28. HEALTH CARE AND OTHER AMOUNTS RECEIVABLE

A. Pharmacy rebates receivable are recorded when reasonably estimated or billed by the affiliated pharmaceutical benefit manager in accordance with pharmaceutical rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by the pharmaceutical benefit manager and adjusted for significant changes in pharmaceutical contract provisions.

The Company evaluates admissibility of all pharmacy rebates receivable based on the administration of each underlying pharmaceutical benefit management agreement. The Company has nonadmitted and excluded all pharmacy rebates receivable that do not meet the admissibility criteria of SSAP No. 84, *Certain Health Care Receivables and Receivables under Government Insured Plans* ("SSAP No. 84") from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

For each pharmaceutical management agreement for which a portion of the total pharmacy rebates receivable can be admitted based on the admissibility criteria of SSAP No. 84, the pharmacy rebate transaction history is summarized as follows:

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	$ 7,136,929	$ -	$ -	$ -	$ -
9/30/2016	7,313,263	7,254,652	4,295,557	-	-
6/30/2016	7,054,354	7,077,814	5,098,654	1,656,313	-
3/31/2016	6,173,989	6,400,947	4,115,438	1,903,400	171,921
12/31/2015	5,089,774	5,128,271	3,790,016	1,245,072	24,066
9/30/2015	5,088,666	5,057,916	3,927,766	617,928	474,800
6/30/2015	5,368,266	5,777,902	3,650,050	1,055,516	711,963
3/31/2015	4,351,366	4,626,500	2,779,913	916,279	664,151
12/31/2014	2,948,805	2,888,518	1,919,244	724,754	231,083
9/30/2014	3,165,712	3,110,400	2,175,217	706,815	229,574
6/30/2014	2,862,534	2,917,914	1,966,661	506,017	440,431
3/31/2014	2,622,949	2,628,258	1,714,996	589,044	321,803

Of the amount reported as health care and other amounts receivable, $9,028,570 and $6,745,686 relates to pharmacy rebates receivable as of December 31, 2016 and 2015, respectively. This increase is primarily due to increased membership along with the change in generic/name brand mix.

In addition, the Company also admitted $6,076,753 and $5,367,055 for receivables from the State of Rhode Island for the stop loss program in 2016 and 2015, respectively, which are included in health care and other amounts receivable in the statutory basis statements of admitted assets, liabilities, and capital and surplus. This increase is primarily related to Rhode Island Hepatitis C payments.

The Company also admitted $1,524,403 and $456,045 for provider overpayments receivables as of December 31, 2016 and 2015, respectively.

B. In 2015, the Company also admitted approximately $8,600,992 for receivables from the State of Rhode Island for estimated risk share receivables, which are included in health care and other amounts receivable in the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 2).

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2016 or 2015.

30. PREMIUM DEFICIENCY RESERVES

The Company has not recorded any premium deficiency reserves as of December 31, 2016 or 2015. The analysis of premium deficiency reserves was completed as of December 31, 2016 and 2015. The Company did consider anticipated investment income when calculating the premium deficiency reserves.

The following table summarizes the Company's premium deficiency reserves as of December 31, 2016 and 2015:

	2016
1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2016
3. Was anticipated investment income utilized in this calculation?	Yes [X] No [ ]

	2015
1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2015
3. Was anticipated investment income utilized in this calculation?	Yes [X] No [ ]

Premium deficiency reserves are included in aggregate health policy reserves (see Note 1—*Basis of Presentation*) in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2016 and 2015, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]
If yes, complete Schedule Y, Parts 1, 1A and 2

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State Regulating? Rhode Island

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2014

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2014

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/06/2016

3.4 By what department or departments?
Rhode Island Department of Business Regulation

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ] No [ ] N/A [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [X]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [ ] No [X]
4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,
7.21 State the percentage of foreign control; %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No [ ]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
Optum Bank, Inc.	Salt Lake City, UT	NO	NO	YES	NO

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, Minneapolis, MN.

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [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?
Gary A. Iannone, Vice President of Actuarial Services of UnitedHealthcare Services Inc., an affiliate of UnitedHealthcare of New England, Inc., Mail Route CT 039-004A, 185 Asylum Street, Hartford, CT 06103

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value $

12.2 If, yes provide explanation:

13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

14.11 If the response to 14.1 is No, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No [ ]

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers $ 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 the 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 $
- 21.22 Borrowed from others $
- 21.23 Leased from others $
- 21.24 Other $

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [X] No [ ]

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $
- 22.22 Amount paid as expenses $ 14,484,990
- 22.23 Other amounts paid $

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No [ ]

24.02 If no, give full and complete information relating thereto

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)

24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $

24.06 If answer to 24.04 is no, report amount of collateral for other programs. $

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]

GENERAL INTERROGATORIES

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

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

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

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

25.21 Subject to repurchase agreements $
25.22 Subject to reverse repurchase agreements $
25.23 Subject to dollar repurchase agreements $
25.24 Subject to reverse dollar repurchase agreements $
25.25 Placed under option agreements $
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock $
25.27 FHLB Capital Stock $
25.28 On deposit with states $ 1,205,185
25.29 On deposit with other regulatory bodies $
25.30 Pledged as collateral - excluding collateral pledged to an FHLB $
25.31 Pledged as collateral to FHLB - including assets backing funding agreements $
25.32 Other $

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. $

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of New York Mellon	Global Liquidity Services, 1 Wall St, 14th Floor, New York NY 10286
Northern Trust	50 S. LaSalle, Chicago, IL 60675

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

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

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

GENERAL INTERROGATORIES

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

1 Name of Firm or Individual	2 Affiliation
Internally Managed	I
JPMorgan Investment Management Inc.	U
Deutsche Investment Management Americas Inc.	U

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

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

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

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
107038	JPMorgan Investment Management Inc.	NA	SEC	NO
104518	Deutsche Investment Management Americas Inc.	CZ83K4EEEX8QVCT3B128	SEC	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		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	209,786,015	209,164,937	(621,078)
30.2 Preferred stocks	0		0
30.3 Totals	209,786,015	209,164,937	(621,078)

30.4 Describe the sources or methods utilized in determining the fair values:
For those securities that had prices in the NAIC SVO ISIS database, those prices were used; for those securities that did not have prices in the NAIC SVO ISIS database, pricing was obtained from Hub which is an external data sources vendor. Hub utilizes various pricing sources.

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

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

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

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

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 18,868

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

34.1 Amount of payments for legal expenses, if any? $ 0

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

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 0

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned	$	0
1.62 Total incurred claims	$	0
1.63 Number of covered lives		0

All years prior to most current three years:

1.64 Total premium earned	$	0
1.65 Total incurred claims	$	0
1.66 Number of covered lives		0

1.7 Group policies:

Most current three years:

1.71 Total premium earned	$	0
1.72 Total incurred claims	$	0
1.73 Number of covered lives		0

All years prior to most current three years:

1.74 Total premium earned	$	0
1.75 Total incurred claims	$	0
1.76 Number of covered lives		0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	799,353,543	775,873,818
2.2	Premium Denominator	799,353,543	775,873,818
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	116,519,966	144,359,599
2.5	Reserve Denominator	116,519,966	144,359,599
2.6	Reserve Ratio (2.4/2.5)	1.000	1.000

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

3.2 If yes, give particulars:

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

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

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

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical	$	0
5.32 Medical Only	$	0
5.33 Medicare Supplement	$	0
5.34 Dental & Vision	$	0
5.35 Other Limited Benefit Plan	$	0
5.36 Other	$	0

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

Hold harmless clauses in provider agreements and continuation of coverage endorsements in reinsurance agreements.

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

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year	45,542
8.2 Number of providers at end of reporting year	116,101

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

9.2 If yes, direct premium earned:

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

GENERAL INTERROGATORIES

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

10.2 If yes:

10.21 Maximum amount payable bonuses $ 5,212,098

10.22 Amount actually paid for year bonuses $ 4,510,428

10.23 Maximum amount payable withholds $ 381,294

10.24 Amount actually paid for year withholds $ 44,155

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, Yes [ ] No [X]

11.13 An Individual Practice Association (IPA), or, Yes [ ] No [X]

11.14 A Mixed Model (combination of above)? Yes [ ] No [X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No [ ]

11.3 If yes, show the name of the state requiring such minimum capital and surplus. Rhode Island

11.4 If yes, show the amount required. $ 500,000

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [X]

11.6 If the amount is calculated, show the calculation
Rhode Island Section 27-2-6

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

1 Name of Service Area
UnitedHealthcare of New England is licensed statewide in Rhode Island and Massachusetts for all lines of business. Additionally, the Medicare and Retirement line of business is licensed to operate in Bristol, Essex, Hampden, Middlesex, Norfolk, Plymouth and Suffolk Counties in Massachusetts; Grafton, Hillsborough, Rockingham and Strafford Counties in New Hampshire; Allegheny, Beaver, Berks, Bucks, Crawford, Erie, Lawrence and Westmoreland Counties in Pennsylvania; and Bennington, Rutland, Washington and Windham Counties in Vermont.

13.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. $

13.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

13.4 If yes, please provide the balance of funds administered as of the reporting date. $

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [ ] No [X] N/A [ ]

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

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

15.3 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 gurarantee)
Universal Life (with or without secondary gurarantee)
Variable Universal Life (with or without secondary gurarantee)

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)	313,457,743	363,879,319	314,932,410	230,857,665	245,699,021
2.	Total liabilities (Page 3, Line 24)	194,434,648	216,727,141	154,189,824	106,365,828	105,554,880
3.	Statutory minimum capital and surplus requirement	500,000	69,660,349	61,189,199	56,812,808	53,031,003
4.	Total capital and surplus (Page 3, Line 33)	119,023,095	147,152,178	160,742,586	124,491,837	140,144,141
	Income Statement (Page 4)					
5.	Total revenues (Line 8)	866,616,544	768,507,753	691,474,080	587,469,998	568,775,350
6.	Total medical and hospital expenses (Line 18)	742,329,411	636,773,318	569,208,614	537,123,100	499,522,975
7.	Claims adjustment expenses (Line 20)	35,545,115	33,925,904	24,246,067	21,334,840	16,339,965
8.	Total administrative expenses (Line 21)	66,936,345	53,702,329	45,849,999	36,404,326	33,293,116
9.	Net underwriting gain (loss) (Line 24)	21,805,673	44,106,202	55,073,412	(10,002,151)	19,325,166
10.	Net investment gain (loss) (Line 27)	5,466,275	5,193,024	4,601,585	5,506,364	5,404,761
11.	Total other income (Lines 28 plus 29)	(392,212)	(228,325)	(66,768)	279,638	(156,826)
12.	Net income or (loss) (Line 32)	12,702,612	27,515,049	36,672,417	(2,841,188)	16,742,076
	Cash Flow (Page 6)					
13.	Net cash from operations (Line 11)	(52,679,213)	49,512,520	87,074,471	(2,284,097)	21,279,316
	Risk-Based Capital Analysis					
14.	Total adjusted capital	119,023,095	147,152,178	160,742,586	124,491,837	140,144,141
15.	Authorized control level risk-based capital	26,134,860	25,331,036	22,250,618	20,659,206	19,284,001
	Enrollment (Exhibit 1)					
16.	Total members at end of period (Column 5, Line 7)	127,755	114,216	98,164	82,392	80,027
17.	Total members months (Column 6, Line 7)	1,481,654	1,337,201	1,124,016	989,309	955,121
	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)	85.7	82.9	82.3	91.4	87.8
20.	Cost containment expenses	2.3	2.3	1.7	1.8	1.8
21.	Other claims adjustment expenses	1.8	2.1	1.8	1.8	1.1
22.	Total underwriting deductions (Line 23)	97.5	94.3	92.0	101.7	96.6
23.	Total underwriting gain (loss) (Line 24)	2.5	5.7	8.0	(1.7)	3.4
	Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24.	Total claims incurred for prior years (Line 13, Col. 5)	108,204,646	83,845,506	38,291,032	46,995,592	35,324,507
25.	Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	109,578,140	88,637,733	54,320,689	53,797,208	43,498,624
	Investments In Parent, Subsidiaries and Affiliates					
26.	Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27.	Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)		0		0	
28.	Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)					
29.	Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30.	Affiliated mortgage loans on real estate					
31.	All other affiliated					
32.	Total of above Lines 26 to 31	0	0	0	0	0
33.	Total investment in parent included in Lines 26 to 31 above.					

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

If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
States, etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	N							0	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. District of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	N							0	
17. Kansas KS	N							0	
18. Kentucky KY	N							0	
19. Louisiana LA	N							0	
20. Maine ME	N							0	
21. Maryland MD	N							0	
22. Massachusetts MA	L	9,492	112,743,760					112,753,252	
23. Michigan MI	N							0	
24. Minnesota MN	N							0	
25. Mississippi MS	N							0	
26. Missouri MO	N							0	
27. Montana MT	N							0	
28. Nebraska NE	N							0	
29. Nevada NV	N							0	
30. New Hampshire NH	L		18,775,766					18,775,766	
31. New Jersey NJ	N							0	
32. New Mexico NM	N							0	
33. New York NY	N							0	
34. North Carolina NC	N							0	
35. North Dakota ND	N							0	
36. Ohio OH	N							0	
37. Oklahoma OK	N							0	
38. Oregon OR	N							0	
39. Pennsylvania PA	L		25,665,115					25,665,115	
40. Rhode Island RI	L	18,820,221	194,384,350	441,479,339				654,683,910	
41. South Carolina SC	N							0	
42. South Dakota SD	N							0	
43. Tennessee TN	N							0	
44. Texas TX	N							0	
45. Utah UT	N							0	
46. Vermont VT	L		5,041,522					5,041,522	
47. Virginia VA	N							0	
48. Washington WA	N							0	
49. West Virginia WV	N							0	
50. Wisconsin WI	N							0	
51. Wyoming WY	N							0	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	N							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CAN	N							0	
58. Aggregate other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	18,829,713	356,610,513	441,479,339	0	0	0	816,919,565	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 5	18,829,713	356,610,513	441,479,339	0	0	0	816,919,565	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

(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.

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

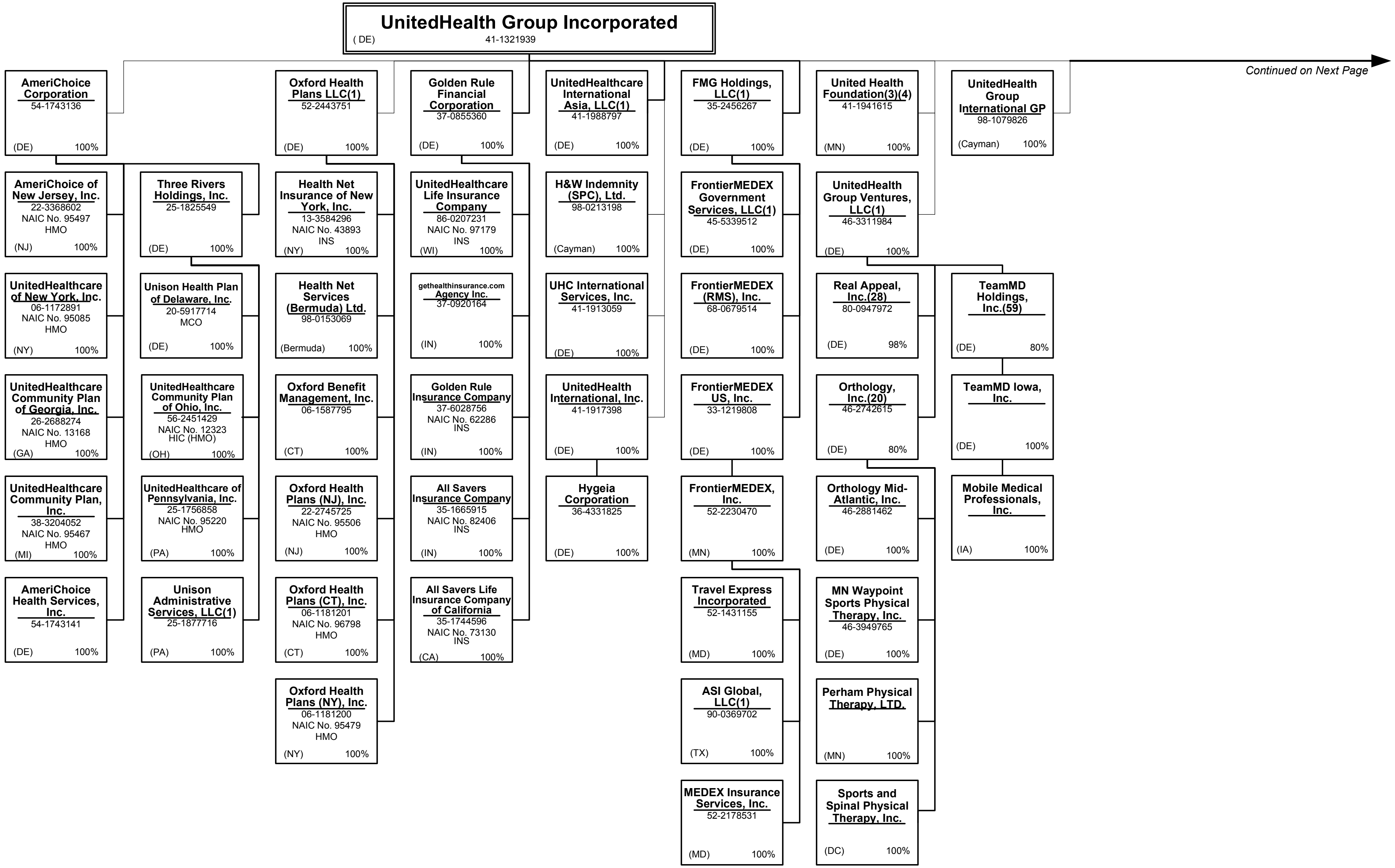
Premiums are allocated by state based on geographic market.

(a) Insert the number of L responses except for Canada and Other Alien.

Premiums are allocated by state based on geographic market.

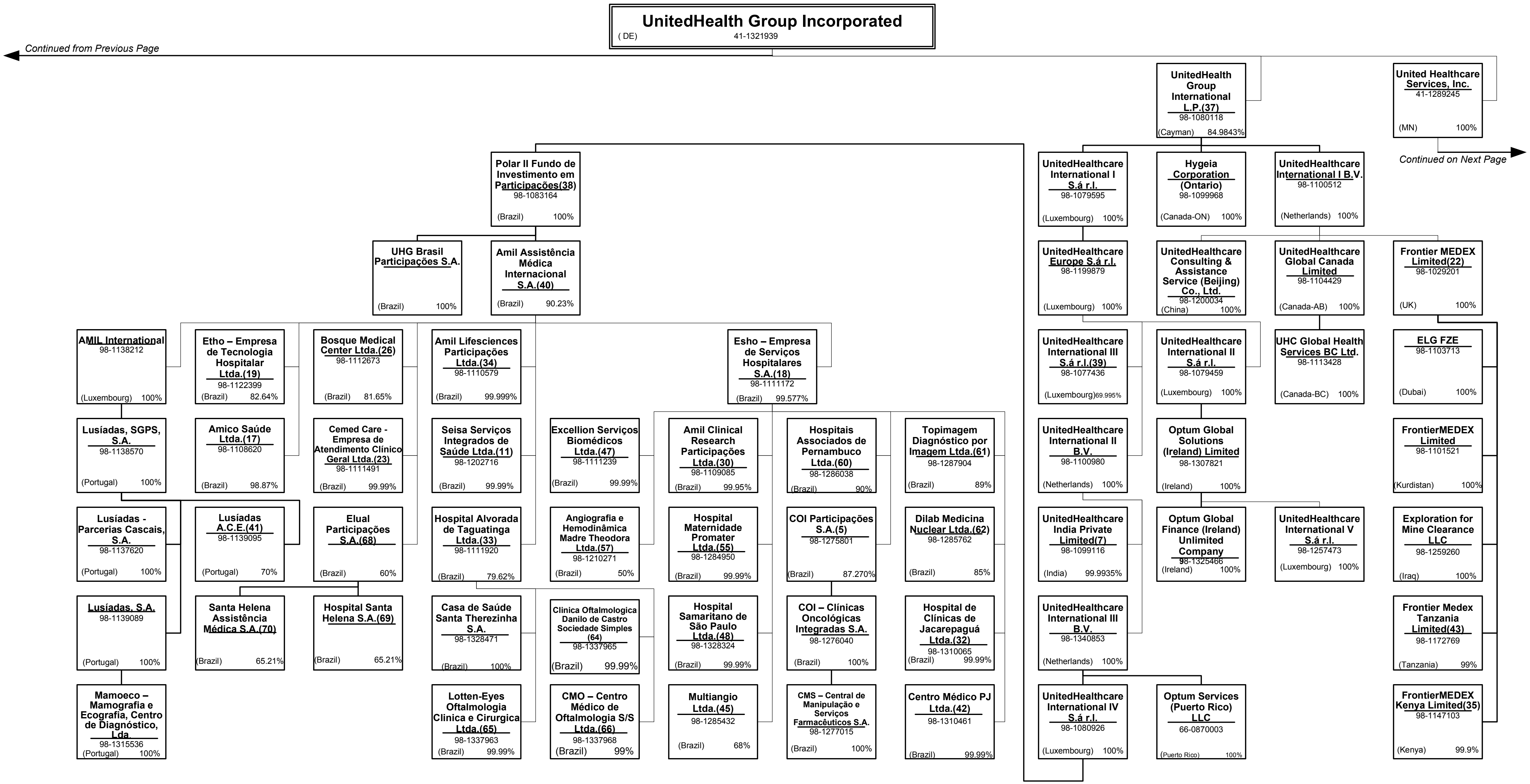
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

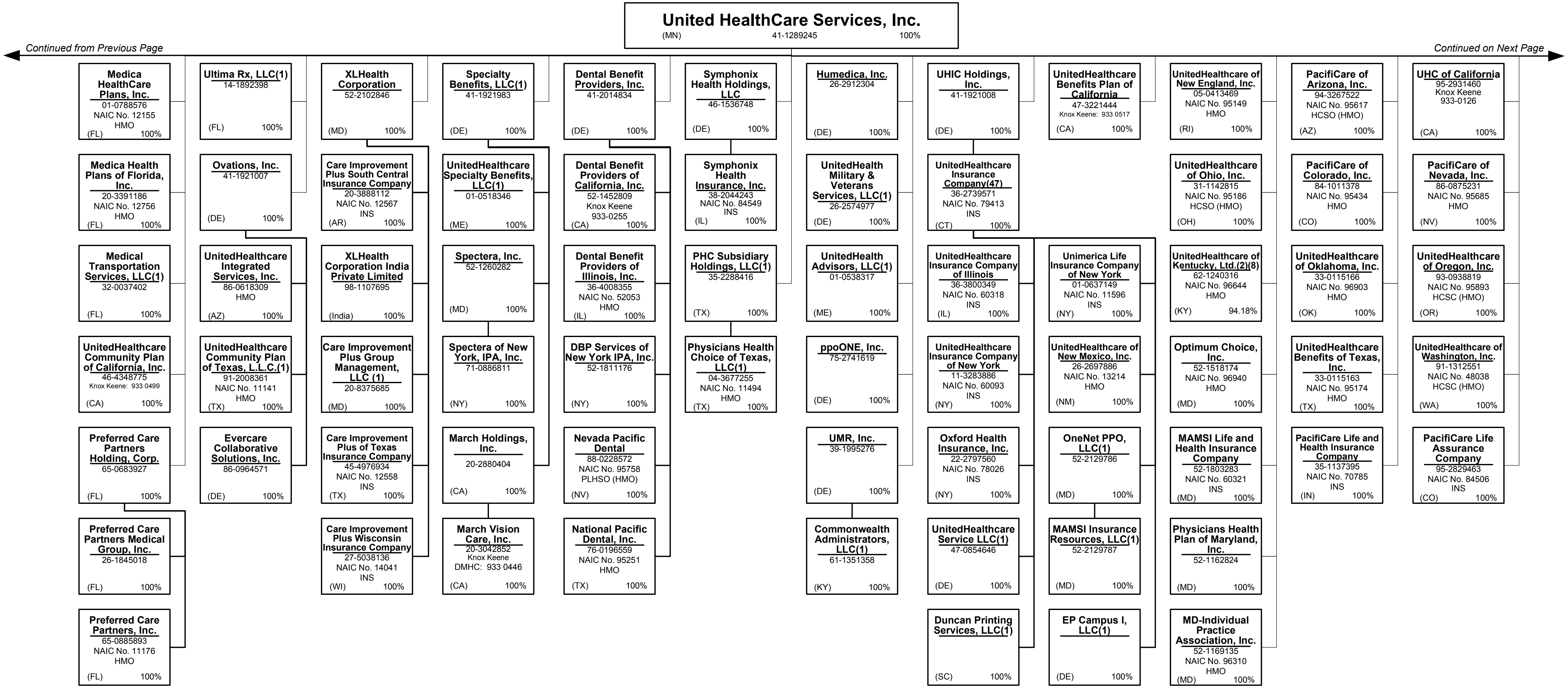
PART 1 – ORGANIZATIONAL CHART



ANNUAL STATEMENT FOR THE YEAR 2016 OF THE UnitedHealthcare of New England, Inc.

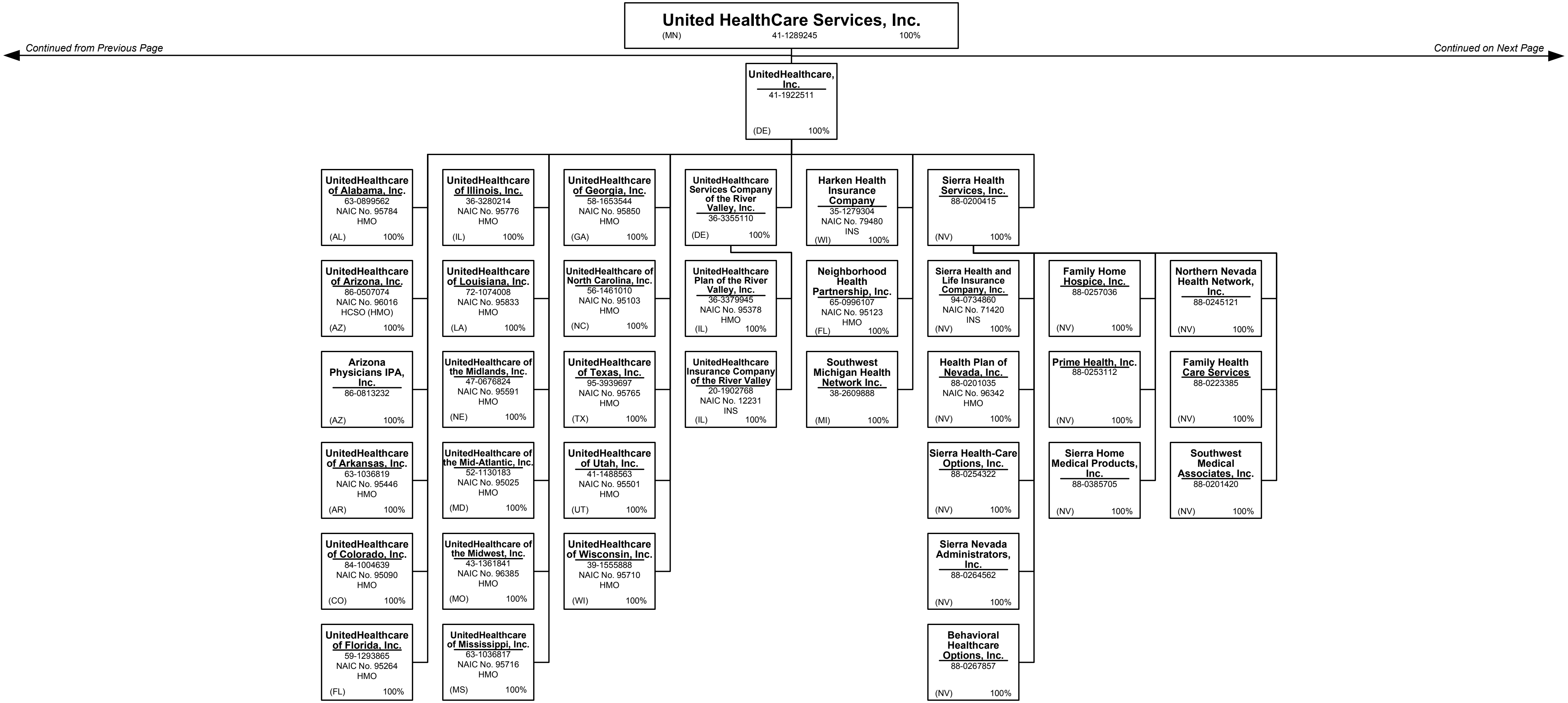
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



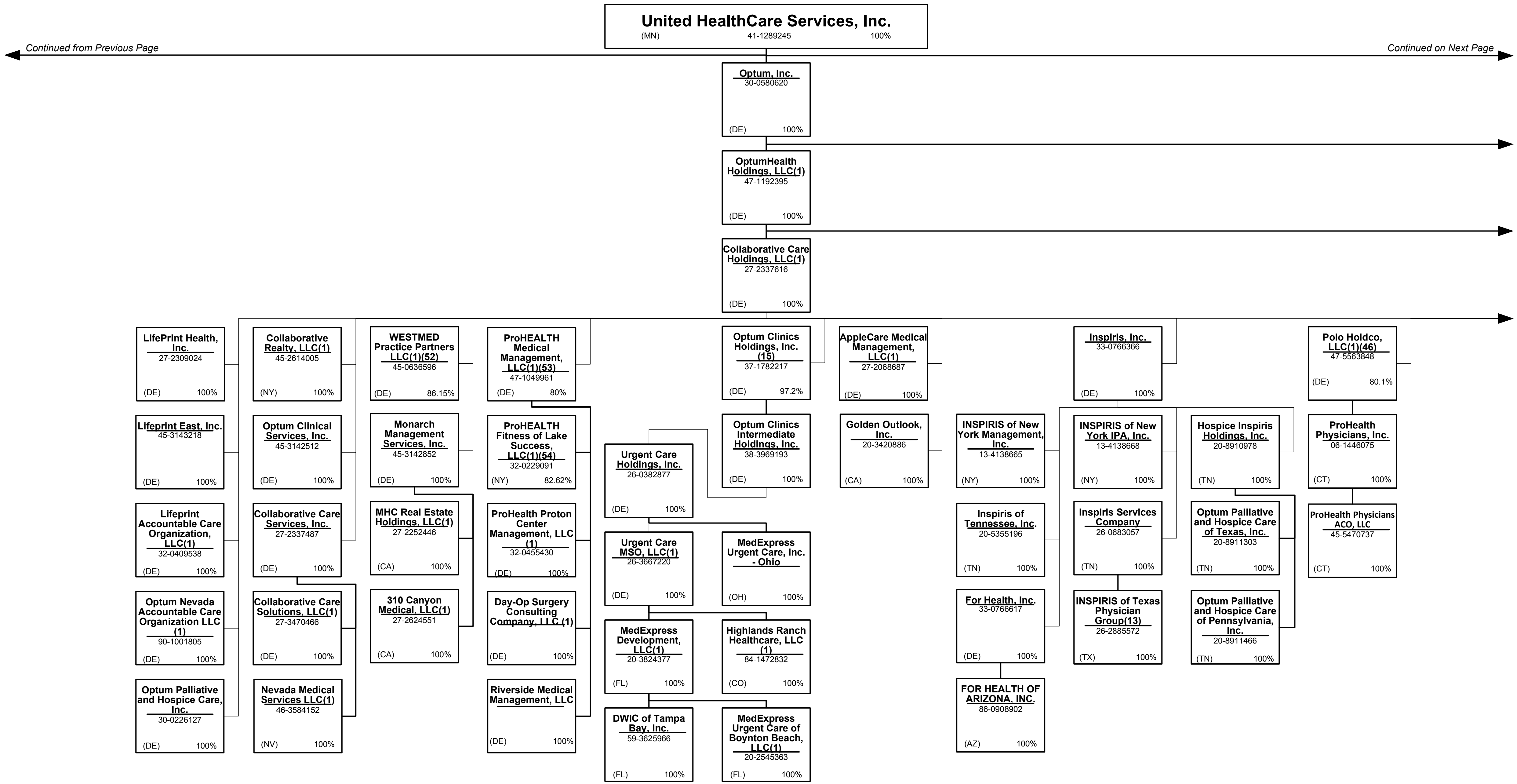
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



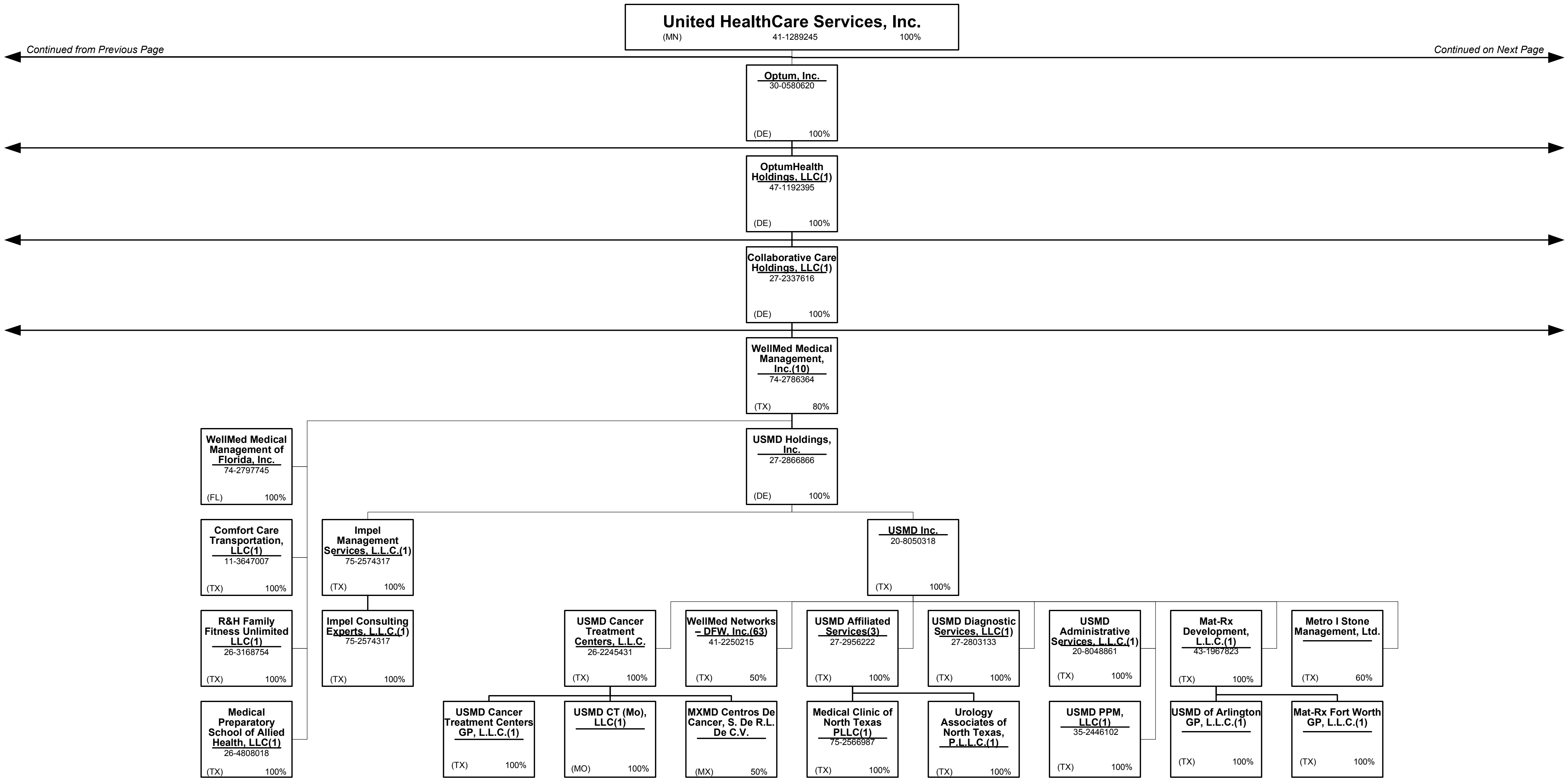
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

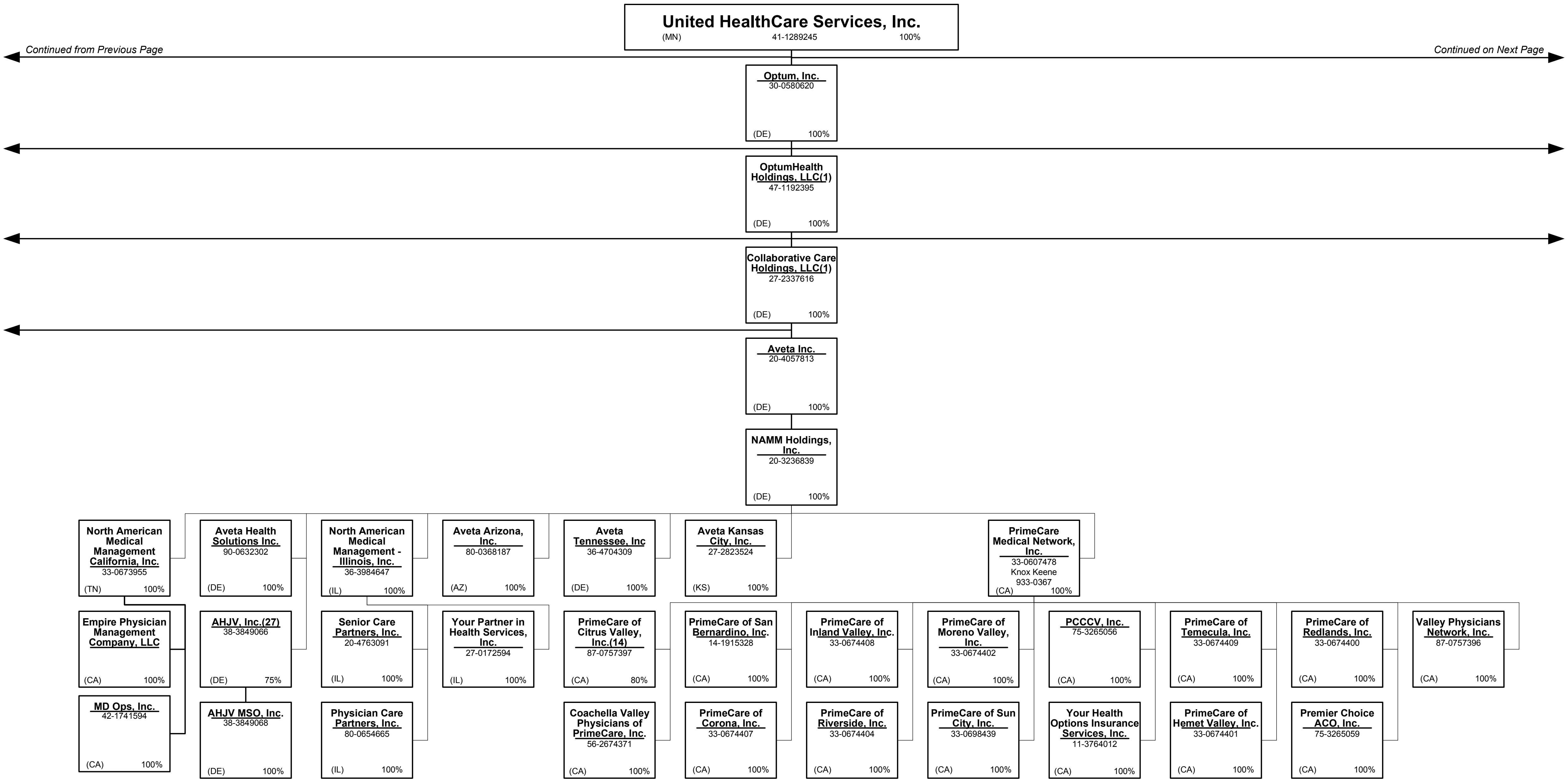
PART 1 – ORGANIZATIONAL CHART



ANNUAL STATEMENT FOR THE YEAR 2016 OF THE UnitedHealthcare of New England, Inc.

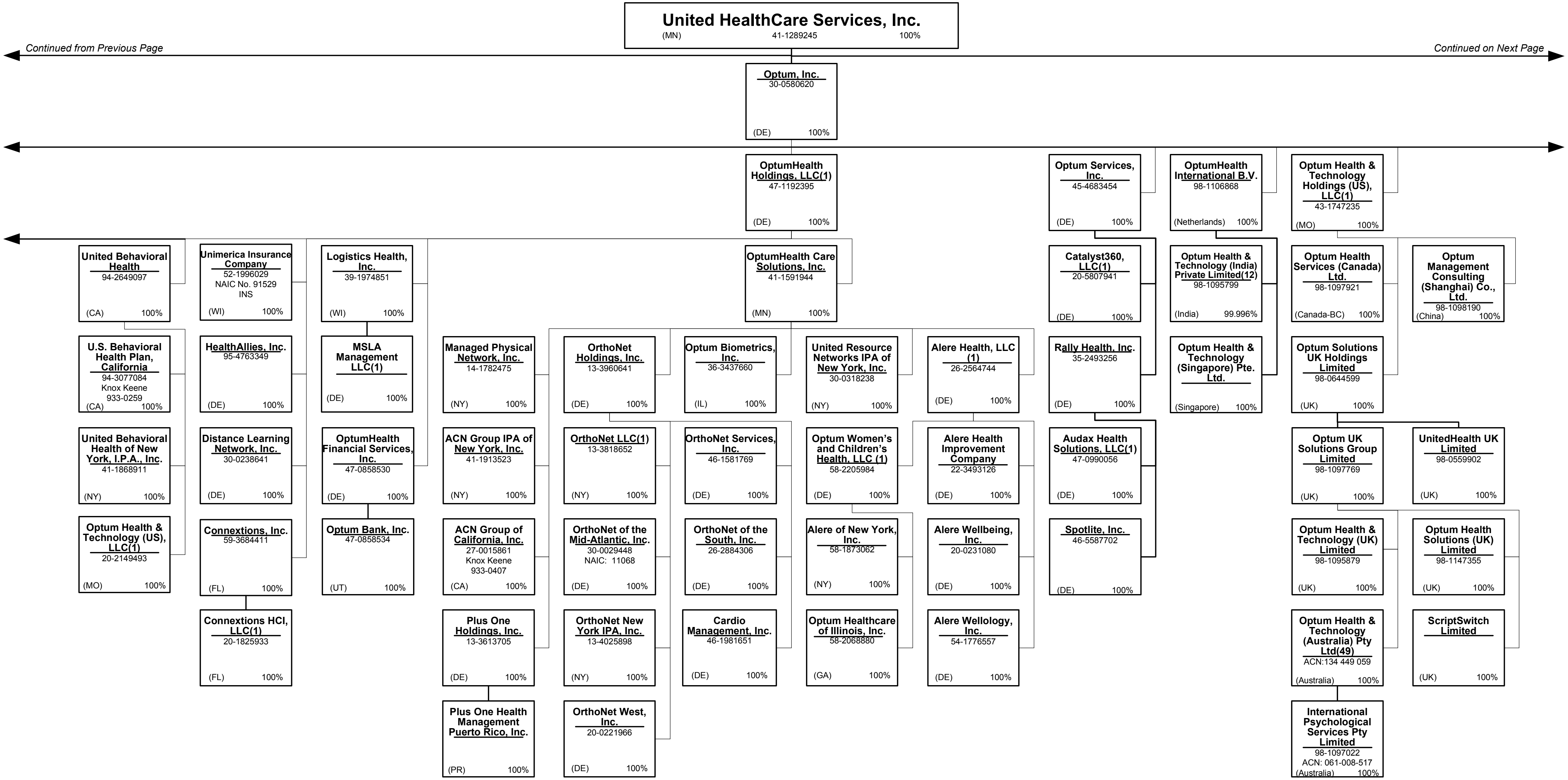
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



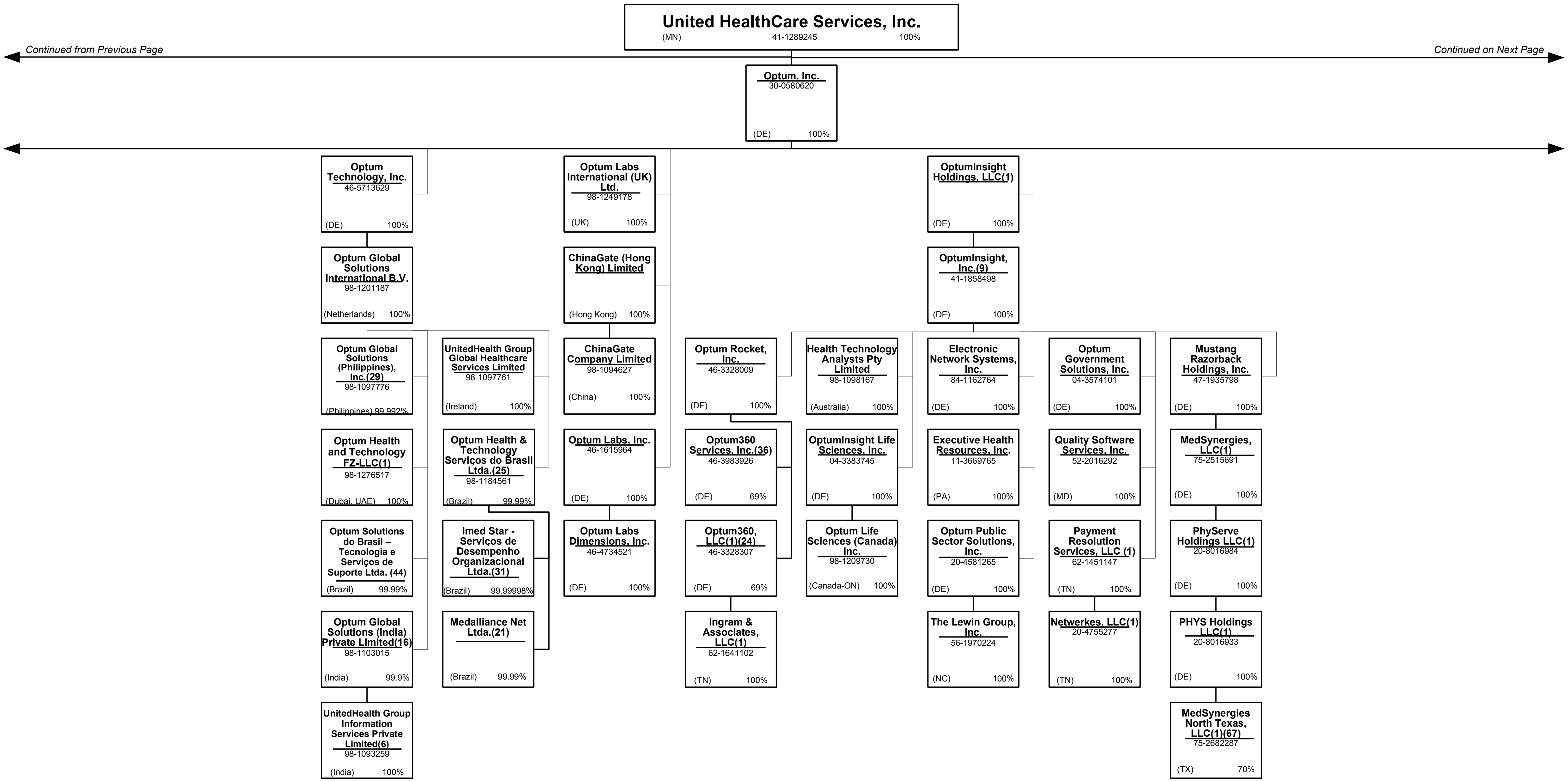
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

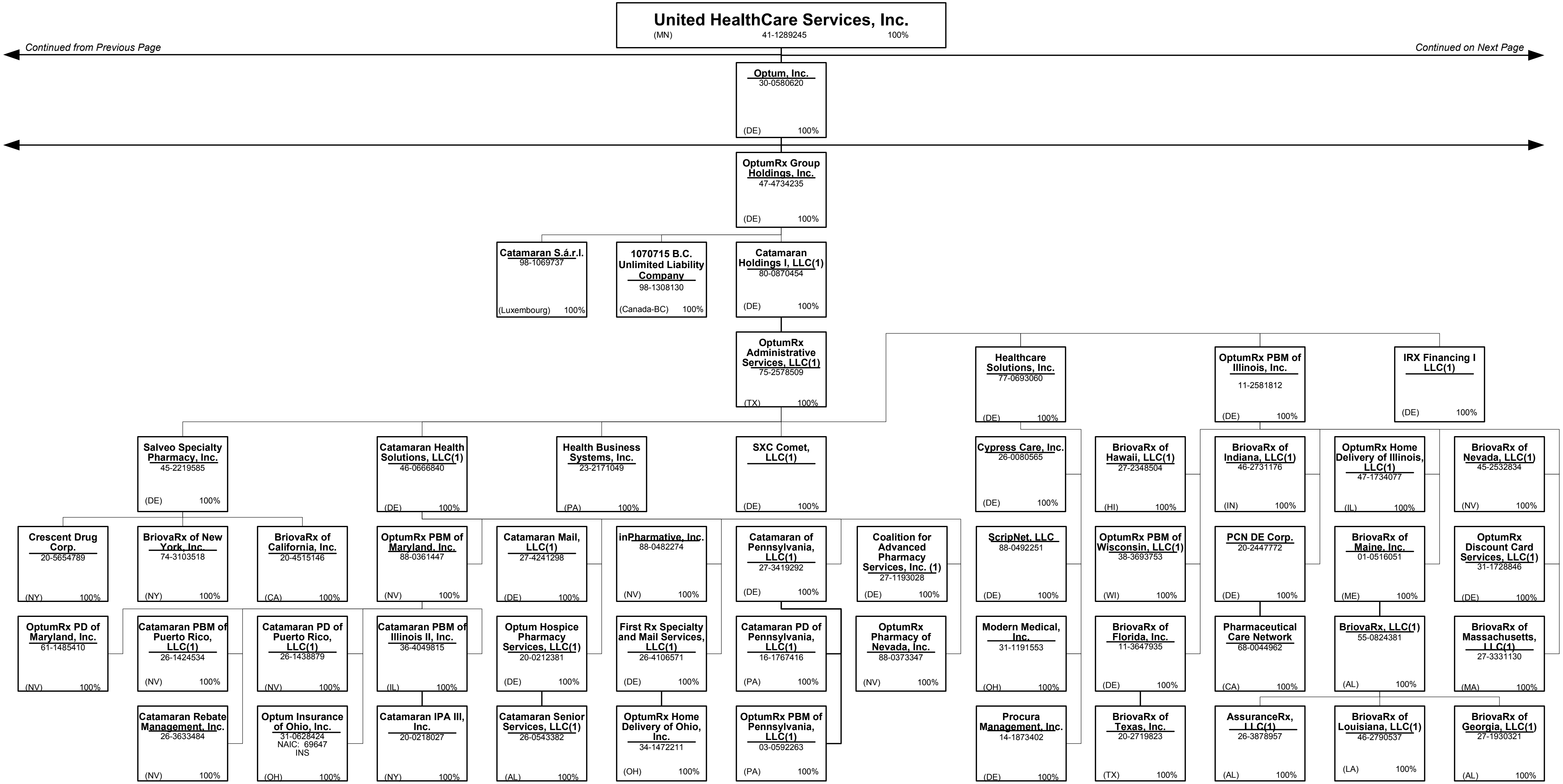
PART 1 – ORGANIZATIONAL CHART



40.8

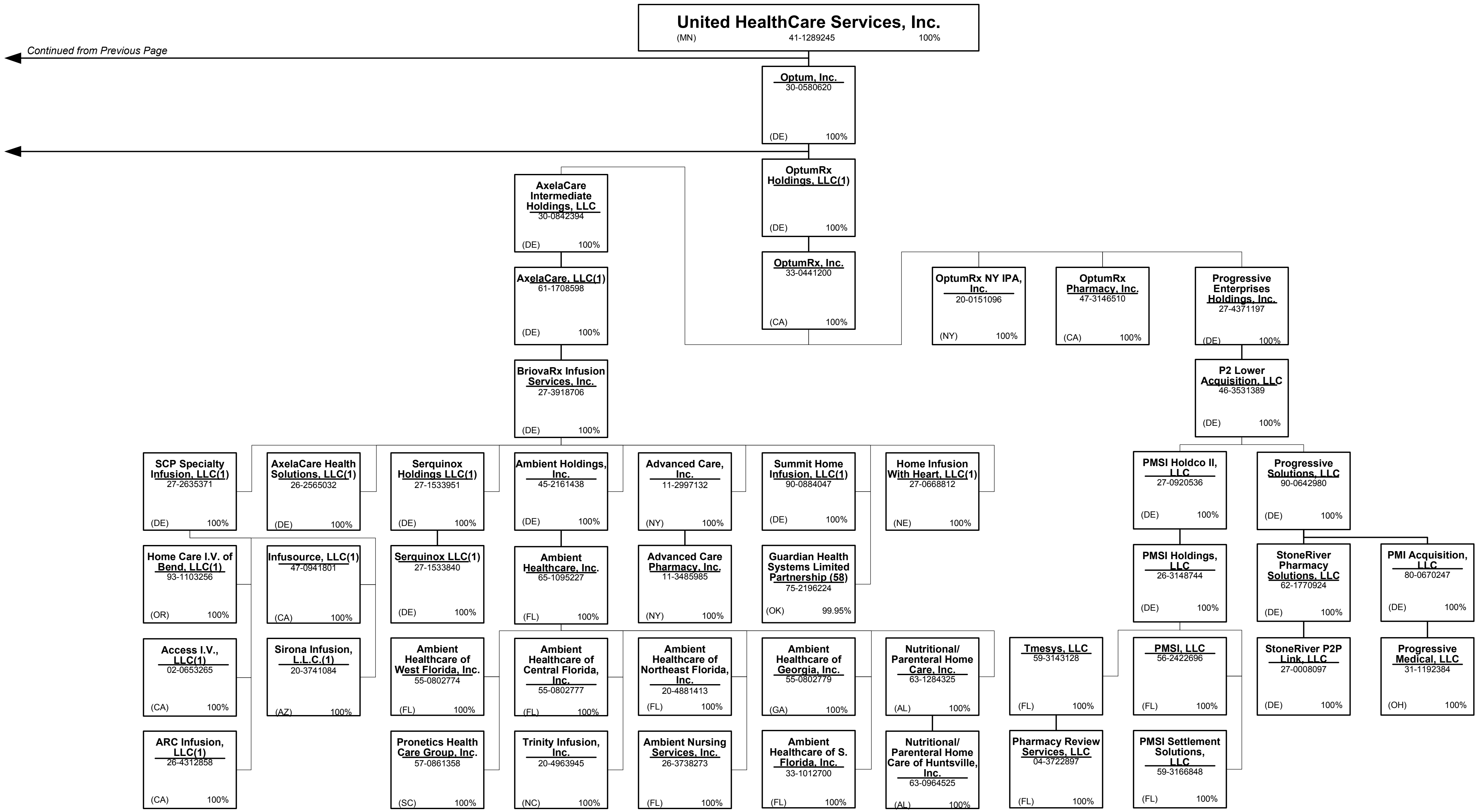
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

(1) Entity is a Limited Liability Company
(2) Entity is a Partnership
(3) Entity is a Non-Profit Corporation
(4) Control of the Foundation is based on sole membership, not the ownership of voting securities
(5) COI Participações S.A. is 87.270% owned by Esho – Empresa de Serviços Hospitalares S.A. and 12.729% owned by COIPAR Participações S.A.
(6) UnitedHealth Group Information Services Private Limited is 100% owned by Optum Global Solutions (India) Private Limited. UnitedHealth International, Inc. holds 10 shares as a nominee shareholder.
(7) UnitedHealthcare India Private Limited is 99.9935% owned by UnitedHealthcare International II B.V. and 0.0065% owned by UnitedHealth International, Inc.
(8) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, United HealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83%.
(9) Branch office located in Abu Dhabi, UAE.
(10) WellMed Medical Management, Inc. is 80% owned by Collaborative Care Holdings, LLC and 20% owned by WMG Healthcare Partners, L.P.
(11) Seisa Serviços Integrados de Saúde Ltda is 99.99% owned by Amil Assistência Médica Internacional S.A. and 0.000007% owned by Cemed Care – Empresa de Atendimento Clinico Geral Ltda.
(12) Optum Health & Technology (India) Private Limited is 99.996% owned by OptumHealth International B.V. and 0.004 % owned by United Behavioral Health.
(13) INSPIRIS of Texas Physician Group is a Texas non-profit (taxable) whose sole member is Inspiris Services Company.
(14) PrimeCare of Citrus Valley, Inc. is 80% owned by PrimeCare Medical Network, Inc. and 20% owned by Citrus Valley Medical Associates, Inc.
(15) Optum Clinics Holdings, Inc. is 97.2% owned by Collaborative Care Holdings, LLC and 2.8% is owned by external shareholders.
(16) Optum Global Solutions (India) Private Limited is 99.9% owned by Optum Global Solutions International B.V. and 0.1% owned by UnitedHealth International, Inc.
(17) Amico Saúde Ltda. is 98.87947% owned by Amil Assistência Médica Internacional S.A. and 1.12053% owned by Cemed Care – Empresa de Atendimento Clinico Geral Ltda.
(18) Esho – Empresa de Serviços Hospitalares S.A. is 99.577% owned by Amil Assistência Médica Internacional S.A.and 0.0185976% owned by Treasury Shares and .4044814% owned by external shareholders.
(19) Etho – Empresa de Technologia Hospitalar Ltda. 82.64% owned by Amil Assistência Médica Internacional S.A.and 17.357% owned by an external shareholder.
(20) Orthology, Inc. is 80% owned by UnitedHealth Group Ventures, LLC and 20% owned by external shareholders.
(21) Medalliance Net Ltda. is owned 99.999985% by Optum Health & Technology Serviços do Brasil Ltda. and 0.000015% by UHG Brasil Participações S.A.
(22) Branch offices in Iraq and Uganda.
(23) Cemed Care Empresa de Atendimento Clínico Geral Ltda. Is 99.9999995% owned by Amil Assistência Médica Internacional S.A. and 0.000005% owned by Amico Sáude Ltda.
(24) Optum 360, LLC is 69% owned by Optum Rocket, Inc; the remaining 31% is owned by external holders.
(25) Optum Health & Technology Serviços do Brasil Ltda. is 99.9964% owned by Optum Global Solutions International B.V. and .0036% owned by OptumInsight, Inc.
(26) Bosque Medical Center Ltda. is 81.65320% owned by Amil Assistência Médica Internacional S.A.and 18.34680% owned by Esho – Empresa de Servicos Hospitalares S.A.
(27) AHJV, Inc. is 75% owned by NAMM Holdings, Inc. and 25% owned by Humana, Inc.
(28) Real Appeal, Inc. is majority-owned by UHG or one of its affiliates and the remaining 2% is owned by Real Appeal Management.
(29) Optum Global Solutions (Philippines), Inc. is 99.992% owned by Optum Global Solutions International B.V., and the remaining 0.008% is held by the company's directors.
(30) Amil Clinical Research Participações Ltda. is 99.95% owned by Amil Lifesciences Participações Ltda. and 0.05% owned by Cemed Care – Empresa de Atendimento Clinico Geral Ltda.
(31) Imed Star Serviços de Desempenho Organizacional Ltda. is 99.99998% owned by Optum Health & Technology Serviços do Brasil Ltda and 0.00002% owned by UHG Brasil Participações S.A.
(32) Hospital de Clínicas de Jacarepaguá Ltda. is 99.999996% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.000004% is owned by Cemed Care – Empresa de Atendimento Clínico Geral Ltda.
(33) Hospital Alvorada Taguatinga Ltda.is 79.62822% owned by Amil Assistência Médica Internacional S.A, 20.37178% by Bosque Medical Center Ltda.
(34) Amil Lifesciences Participações Ltda. Is 99.999685% owned by Amil Assistência Médica Internacional S.A and 0.000315% owned by Cemed Care Empressa de Atendimento Clinico Geral Ltda.
(35) FrontierMEDEX Kenya Limited is 99.9% owned by Frontier MEDEX Limited and 0.1% owned by UnitedHealthcare International I B.V.
(36) Optum360 Services, Inc. is 69% owned by Optum Rocket, Inc. and 31% owned by two external interest holders.
(37) The limited partners of UnitedHealth Group International, L.P. include FMG Holdings, LLC (14.8145%), Hygeia Corporation (DE) (0.2012%) and UnitedHealth Group Incorporated (84.9843%). UnitedHealth Group International GP is the general partner of UnitedHealth Group International, L.P.
(38) Polar II Fundo de Investimento em Participações is a Brazilian private equity investment fund incorporated in the form of a closed-end condominium.
(39) UnitedHealthcare International III S.á r.l. is 69.995% owned by UnitedHealthcare Europe S.á r.l. and 30.005% owned by UnitedHealthcare International II S.á r.l.
(40) Amil Assistência Médica Internacional S.A. is 90.23% owned by Polar II Fundo de Investimento em Participações and the remaining 9.77% is owned by the former controlling shareholders of Amil Assistência Médica Internacional S.A.
(41) Lusíadas A.C.E. is 70% owned by Lusíadas, SGPS, S.A., 10% owned by Lusíadas – Parcerias Cascais, S.A., and 20% owned by Lusiadas, S.A.
(42) Centro Médico PJ Ltda. is 99.99% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.01% is owned by Cemed Care – Empresa de Atendimento Clínico Geral Ltda.
(43) Frontier Medex Tanzania Limited is 99% owned by Frontier MEDEX Limited. The remaining 1% is owned by a former officer of Frontier MEDEX Limited and is being transferred to UnitedHealthcare International I BV.
(44) Optum Solutions do Brasil – Tecnologia e Serviços de Suporte Ltda., is 99.999998% owned by Optum Global Solutions International B.V.and 0.00002% owned by OptumHealth International B.V.
(45) Multiangio Ltda. is 68% owned by Esho – Empresa de Serviços Hospitalares S.A. and the remaining 32% is owned by external shareholders.
(46) Polo Holdco, LLC is 80.1% owned by Collaborative Care Holdings, LLC and the remaining 19.9% being owned by an outside third party.
(47) Excellion Serviços Biomédicos Ltda is 99.999997% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.000003% is owned by Cemed Care - Empresa de Atendimento Clínico Geral Ltda.
(48) Hospital Samaritano de São Paulo Ltda. is 99.9999998% owned by Esho – Empresa de Serviços Hospitalares S.A.and the remaining 0.0000002% is owned by Hospital Alvorada Taguatinga Ltda.
(49) Branch office located in Hong Kong.
(50) Dental Center Serviços Odontológicos Ltda. is 100% owned by Seisa Servicos Integrados de Sáude Ltda.
(51) TBD
(52) WESTMED Practice Partners LLC is 86.15% owned by Collaborative Care Holdings, LLC and 13.85% owned by external shareholders.
(53) ProHEALTH Medical Management, LLC is 80% owned by Collaborative Care Holdings, LLC and 20% owned by an external shareholder.
(54) ProHEALTH Fitness of Lake Success, LLC is 82.62% owned by ProHEALTH Medical Management, LLC and 17.38% by an external shareholder.
(55) Hospital Maternidade Promater Ltda is 99.99% owned by Esho – Empresa de Servicos Hospitalares S.A. and 0.00006% owned by Cemed Care Empressa de Atendimento Clínico Geral Ltda.
(56) Hospital Geral e Maternidade Madre Maria Theodora Ltda. is 99.9999% owned by Esho – Empresa de Serviços Hospitalares S.A. and 0.00001% owned by Cemed Care Empressa de Atendimento Clínico Geral Ltda.
(57) Angiografia e Hemodinâmica Madre Theodora Ltda. is 50% owned by Hospital Geral e Maternidade Madre Maria Theodora Ltda. and 50% owned by 28 individual partners.
(58) Guardian Health Systems Limited Partnership is 99.95% owned by AxelaCare Holdings, Inc. with the remaining 0.05% interest as a limited partner being held by AxelaCare Health Solutions, LLC.
(59) TeamMD Holdings, Inc., a Delaware corporation, was formed as an 80% owned subsidiary of UnitedHealth Group Ventures, LLC, a Delaware limited liability company. The remaining 20% is owned by external shareholders.
(60) Hospitais Associados de Pernambuco Ltda. is 90% owned by Esho – Empresa de Serviços Hospitalares S.A. and 10% is owned by an external shareholder
(61) Topimagem Diagnóstico por Imagem Ltda.is 89% owned by Esho – Empresa de Serviços Hospitalares S.A., and the remaining 11% interest is owned by external shareholders.
(62) Dilab – Medicina Nuclear Ltda is 85% owned by Esho – Empresa de Serviços Hospitalares S.A. and the remaining 15% is owned by external shareholders.
(63) WellMed Networks – DFW, Inc. is 50% owned by WellMed Networks, Inc. and 50% owned by USMD Inc. WellMed Medical Management, Inc. controls 100% of WellMed Networks - DFW.
(64) Clinica Oftalmologica Danilo de Castro Sociedade Simples is 99.99% owned by Hospital Alvorada de Taguatinga Ltda. and the remaining 0.333333% is owned by Lotten-Eyes Oftalmologia Clinica e Cirurgica Ltda.
(65) Lotten-Eyes Oftalmologia Clinica e Cirurgica Ltda. is 99.99% owned by Hospital Alvorada de Taguatinga Ltda.and the remaining 0.000012% is owned by Esho – Empresa de Serviços Hospitalares S.A.
(66) CMO – Centro Médico de Oftalmologia S/S Ltda. is 99% owned by Hospital Alvorada de Taguatinga Ltda.and the remaining is owned by Lotten-Eyes Oftalmologia Clinica e Cirurgica Ltda.
(67) MedSynergies North Texas, LLC. is 70% owned by PHYS Holding LLC. and the remaining 30% is owned by PhyServe Holdings, LLC.
(68) Elual Participações S.A. is 60% owned by Amil Assistência Médica Internacional S.A. and 40% by Esho – Empresa de Serviços Hospitalares S.A.
(69) Hospital Santa Helena S.A. is 65.21% owned by Elual Participações S.A. and 34.79% owned by Esho – Empresa de Serviços Hospitalares S.A.
(70) Santa Helena Assistência Médica S.A. is 65.21% owned by Elual Participações S.A. and 34.79 owned by Amil Assistência Médica Internacional S.A

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 25

	Claim Adjustment Expenses 1 Cost Containment Expenses	Claim Adjustment Expenses 2 Other Claim Adjustment Expenses	3 General Administrative Expenses	4 Investment Expenses	5 Total
2504. Miscellaneous Losses	967	838	20,489		22,294
2505. Professional Fees\Consulting	122,583	106,233	263,682		492,498
2506. Sundry General Expenses	762,729	660,999	2,060,192		3,483,920
2507. Reimbursement of Expenses from Reinsurers			(2,655,613)		(2,655,613)
2597. Summary of remaining write-ins for Line 25 from overflow page	886,279	768,070	(311,250)	0	1,343,099

ALPHABETICAL INDEX

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ANNUAL STATEMENT BLANK (Continued)