ANNUAL STATEMENT
For the Year Ending DECEMBER 31, 2018
OF THE CONDITION AND AFFAIRS OF THE
Neighborhood Health Plan of Rhode Island

NAIC Group Code 0000 , NAIC Company Code 95402, Employer’s ID Number 05-0477052

Organized under the Laws of Rhode Island, State of Domicile or Port of Entry RI

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health[ ] Property/Casualty[ ] Hospital, Medical & Dental Service or Indemnity[ ] Dental Service Corporation[ ] Vision Service Corporation[ ] Health Maintenance Organization[X]


Statutory Home Office 910 Douglas Pike, Smithfield, RI, US 02917

Main Administrative Office 910 Douglas Pike, Smithfield, RI, US 02917

Primary Location of Books and Records 910 Douglas Pike, Smithfield, RI, US 02917

Internet Website Address http://www.nhpri.org/

Statutory Statement Contact Joanne Roux (401)459-6043

OFFICERS

Name Title

Peter Marino Chief Executive Officer
Frank Meaney Chief Financial Officer
Peter Lymm Chief Operating Officer
Marylou Buyse Chief Medical Officer

OTHERS

Peter Bancroft, Chairman
Brenda Dowlatshahi, Secretary

STATEMENT CONTACT

Name Title

Peter Bancroft CPA
Pablo Rodriguez MD
Brenda Dowlatshahi

OTHERS

Merrill Thomas, Treasurer

DIRECTORS OR TRUSTEES

State of Rhode Island County of Providence ss

State of Rhode Island

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

Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Subscribed and sworn to before me this day of , 2019

(Notary Public Signature)
DIRECTORS OR TRUSTEES (continued)
Dennis Roy
Richard Bedine MD
Gary Furtado
Alison Croke #
Patricia Martinez
Peter Marino
Keith Oliveira
### ASSETS

<table>
<thead>
<tr>
<th>Current Year</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>1</td>
</tr>
<tr>
<td>1. Bonds (Schedule D)</td>
<td>104,084,675</td>
</tr>
<tr>
<td>2. Stocks (Schedule D):</td>
<td></td>
</tr>
<tr>
<td>2.1 Preferred stocks</td>
<td></td>
</tr>
<tr>
<td>2.2 Common Stocks</td>
<td></td>
</tr>
<tr>
<td>3. Mortgage loans on real estate (Schedule B):</td>
<td></td>
</tr>
<tr>
<td>3.1 First liens</td>
<td></td>
</tr>
<tr>
<td>3.2 Other than first liens</td>
<td></td>
</tr>
<tr>
<td>4. Real estate (Schedule A):</td>
<td></td>
</tr>
<tr>
<td>4.1 Properties occupied by the company (less $_______0 encumbrances)</td>
<td></td>
</tr>
<tr>
<td>4.2 Properties held for the production of income (less $_______0 encumbrances)</td>
<td></td>
</tr>
<tr>
<td>4.3 Properties held for sale (less $_______0 encumbrances)</td>
<td></td>
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<tr>
<td>5. Cash ($___43,818,990, Schedule E Part 1), cash equivalents ($___46,949,371, Schedule E Part 2) and short-term investments ($___52,770,121, Schedule DA)</td>
<td>143,537,483</td>
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<td>6. Contract loans (including $_______0 premium notes)</td>
<td></td>
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<tr>
<td>7. Derivatives (Schedule DB)</td>
<td></td>
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<tr>
<td>8. Other invested assets (Schedule BA)</td>
<td></td>
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<tr>
<td>9. Receivables for securities</td>
<td>6,433</td>
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<tr>
<td>10. Securities Lending Reinvested Collateral Assets (Schedule DL)</td>
<td></td>
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<tr>
<td>11. Aggregate write-ins for invested assets</td>
<td></td>
</tr>
<tr>
<td>12. Subtotals, cash and invested assets (Lines 1 to 11)</td>
<td>27,482,591</td>
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<tr>
<td>13. Title plants less $_______0 charged off (for Title insurers only)</td>
<td>831,110</td>
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<tr>
<td>14. Investment income due and accrued</td>
<td></td>
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<tr>
<td>15. Premiums and considerations:</td>
<td></td>
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<tr>
<td>15.1 Uncollected premiums and agents' balances in the course of collection</td>
<td></td>
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<tr>
<td>15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including $_______0 earned but unbilled premiums)</td>
<td>37,489,580</td>
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<tr>
<td>15.3 Accrued retrospective premiums ($___14,557,001) and contracts subject to redemption ($_______0)</td>
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<td>16. Reinsurance:</td>
<td></td>
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<tr>
<td>16.1 Amounts recoverable from reinsurers</td>
<td>2,002,705</td>
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<tr>
<td>16.2 Funds held by or deposited with reinsured companies</td>
<td></td>
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<tr>
<td>16.3 Other amounts receivable under reinsurance contracts</td>
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<tr>
<td>17. Amounts receivable relating to uninsured plans</td>
<td>9,130,503</td>
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<td>18.1 Current federal and foreign income tax recoverable and interest thereon</td>
<td></td>
</tr>
<tr>
<td>18.2 Net deferred tax asset</td>
<td></td>
</tr>
<tr>
<td>19. Guaranty funds receivable or on deposit</td>
<td></td>
</tr>
<tr>
<td>20. Electronic data processing equipment and software</td>
<td>1,188,826</td>
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<tr>
<td>21. Furniture and equipment, including health care delivery assets ($_______0)</td>
<td>738,646</td>
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<tr>
<td>22. Net adjustment in assets and liabilities due to foreign exchange rates</td>
<td></td>
</tr>
<tr>
<td>23. Receivables from parent, subsidiaries and affiliates</td>
<td></td>
</tr>
<tr>
<td>24. Health care ($___12,498,944 and other amounts receivable</td>
<td>17,503,611</td>
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<tr>
<td>25. Aggregate write-ins for other than invested assets</td>
<td>15,541,378</td>
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<tr>
<td>26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)</td>
<td>346,611,951</td>
</tr>
<tr>
<td>27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts</td>
<td></td>
</tr>
<tr>
<td>28. TOTAL (Lines 26 and 27)</td>
<td>346,611,951</td>
</tr>
</tbody>
</table>

**DETAILS OF WRITE-INS**

1101.  
1102.  
1103.  
1198. Summary of remaining write-ins for Line 11 from overflow page  
1199. **TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)**  
2501. Prepaid Premium Tax | 907,867 | 907,867 | 3,071,215 |  
2502. Prepaid Expenses | 1,505,286 | 1,505,286 | |  
2503. Receivable from State | 4,740,688 | 4,740,688 |  
2598. Summary of remaining write-ins for Line 25 from overflow page | 8,387,637 | 4,405,301 | 3,982,236 |  
2599. **TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)** | 15,541,378 | 5,910,587 | 9,528,368 | 3,071,215 |
### LIABILITIES, CAPITAL AND SURPLUS

#### TABLE CONTENTS
- 1. Claims unpaid (less $0 reinsurance ceded)
- 2. Accrued medical incentive pool and bonus amounts
- 3. Unpaid claims adjustment expenses
- 4.Aggregate health policy reserves, including the liability of $0 for medical loss ratio rebate per the Public Health Service Act
- 5. Aggregate life policy reserves
- 6. Property/casualty unearned premium reserves
- 7. Aggregate health claim reserves
- 8. Premiums received in advance
- 9. General expenses due or accrued
- 10.1 Current federal and foreign income tax payable and interest thereon (including $0 on realized capital gains (losses))
- 10.2 Net deferred tax liability
- 11. Ceded reinsurance premiums payable
- 12. Amounts withheld or retained for the account of others
- 13. Remittances and items not allocated
- 14. Borrowed money (including $0 current) and interest thereon $0 (including $0 current)
- 15. Amounts due to parent, subsidiaries and affiliates
- 16. Derivatives
- 17. Payable for securities
- 18. Payable for securities lending
- 19. Funds held under reinsurance treaties (with $0 authorized reinsurers, $0 unauthorized reinsurers and $0 certified reinsurers)
- 20. Reinsurance in unauthorized and certified ($0) companies
- 21. Net adjustments in assets and liabilities due to foreign-exchange rates
- 22. Liability for amounts held under uninsured plans
- 23. Aggregate write-ins for other liabilities (including $0 current)
- 24. TOTAL Liabilities (Lines 1 to 23)
- 25. Aggregate write-ins for special surplus funds
- 26. Common capital stock
- 27. Preferred capital stock
- 28. Gross paid in and contributed surplus
- 29. Surplus notes
- 30. Aggregate write-ins for other than special surplus funds
- 31. Unassigned funds (surplus)
- 32. Less treasury stock, at cost:
- 33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)
- 34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)

#### TABLE HEADINGS
- **Current Year**
- **Prior Year**
- **Covered**
- **Uncovered**
- **Total**
- **Total**

#### TABLE CONTENTS (Continued)

```
<table>
<thead>
<tr>
<th>Current Year</th>
<th>Prior Year</th>
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<tbody>
<tr>
<td>Line</td>
<td>Covered</td>
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<tr>
<td>1</td>
<td>Claims unpaid (less $0 reinsurance ceded)</td>
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<tr>
<td>2</td>
<td>Accrued medical incentive pool and bonus amounts</td>
</tr>
<tr>
<td>3</td>
<td>Unpaid claims adjustment expenses</td>
</tr>
<tr>
<td>4</td>
<td>Aggregate health policy reserves, including the liability of $0 for medical loss ratio rebate per the Public Health Service Act</td>
</tr>
<tr>
<td>5</td>
<td>Aggregate life policy reserves</td>
</tr>
<tr>
<td>6</td>
<td>Property/casualty unearned premium reserves</td>
</tr>
<tr>
<td>7</td>
<td>Aggregate health claim reserves</td>
</tr>
<tr>
<td>8</td>
<td>Premiums received in advance</td>
</tr>
<tr>
<td>9</td>
<td>General expenses due or accrued</td>
</tr>
<tr>
<td>10.1</td>
<td>Current federal and foreign income tax payable and interest thereon (including $0 on realized capital gains (losses))</td>
</tr>
<tr>
<td>10.2</td>
<td>Net deferred tax liability</td>
</tr>
<tr>
<td>11</td>
<td>Ceded reinsurance premiums payable</td>
</tr>
<tr>
<td>12</td>
<td>Amounts withheld or retained for the account of others</td>
</tr>
<tr>
<td>13</td>
<td>Remittances and items not allocated</td>
</tr>
<tr>
<td>14</td>
<td>Borrowed money (including $0 current) and interest thereon $0 (including $0 current)</td>
</tr>
<tr>
<td>15</td>
<td>Amounts due to parent, subsidiaries and affiliates</td>
</tr>
<tr>
<td>16</td>
<td>Derivatives</td>
</tr>
<tr>
<td>17</td>
<td>Payable for securities</td>
</tr>
<tr>
<td>18</td>
<td>Payable for securities lending</td>
</tr>
<tr>
<td>19</td>
<td>Funds held under reinsurance treaties (with $0 authorized reinsurers, $0 unauthorized reinsurers and $0 certified reinsurers)</td>
</tr>
<tr>
<td>20</td>
<td>Reinsurance in unauthorized and certified ($0) companies</td>
</tr>
<tr>
<td>21</td>
<td>Net adjustments in assets and liabilities due to foreign-exchange rates</td>
</tr>
<tr>
<td>22</td>
<td>Liability for amounts held under uninsured plans</td>
</tr>
<tr>
<td>23</td>
<td>Aggregate write-ins for other liabilities (including $0 current)</td>
</tr>
<tr>
<td>24</td>
<td>TOTAL Liabilities (Lines 1 to 23)</td>
</tr>
<tr>
<td>25</td>
<td>Aggregate write-ins for special surplus funds</td>
</tr>
<tr>
<td>26</td>
<td>Common capital stock</td>
</tr>
<tr>
<td>27</td>
<td>Preferred capital stock</td>
</tr>
<tr>
<td>28</td>
<td>Gross paid in and contributed surplus</td>
</tr>
<tr>
<td>29</td>
<td>Surplus notes</td>
</tr>
<tr>
<td>30</td>
<td>Aggregate write-ins for other than special surplus funds</td>
</tr>
<tr>
<td>31</td>
<td>Unassigned funds (surplus)</td>
</tr>
</tbody>
</table>
| 32 | Less treasury stock, at cost:

32.1 $0 shares common (value included in Line 26 $0) | XX | XX | |
| 32.2 $0 shares preferred (value included in Line 27 $0) | XX | XX | XX |
| 33 | TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) | XX | XX | 101,566,289 | 100,277,568 |
| 34 | TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) | XX | XX | 333,881,489 | 382,572,757 |

#### DETAILS OF WRITE-INS

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Current Year</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2301</td>
<td>Unclaimed Property Payable</td>
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<td>12,389</td>
</tr>
<tr>
<td>2302</td>
<td>Penalty and Interest</td>
<td>700,000</td>
<td>700,000</td>
</tr>
<tr>
<td>2303</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2398</td>
<td>Summary of remaining write-ins for Line 23 from overflow page</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2399</td>
<td>TOTALS (Lines 2301 through 2393) (Line 23 above)</td>
<td>712,389</td>
<td>712,389</td>
</tr>
<tr>
<td>2501</td>
<td></td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>2502</td>
<td></td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>2503</td>
<td></td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>2598</td>
<td>Summary of remaining write-ins for Line 25 from overflow page</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2599</td>
<td>TOTALS (Lines 2501 through 2593) (Line 25 above)</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>3001</td>
<td></td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>3002</td>
<td></td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>3003</td>
<td></td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td>3098</td>
<td>Summary of remaining write-ins for Line 30 from overflow page</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3099</td>
<td>TOTALS (Lines 3001 through 3003) (Line 30 above)</td>
<td>XX</td>
<td>XX</td>
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</table>
## STATEMENT OF REVENUE AND EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Current Year</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 Uncovered</td>
<td>2 Total</td>
</tr>
<tr>
<td>1. Member Months</td>
<td>X X X</td>
<td>2,440,979</td>
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<tr>
<td>2. Net premium income (including $........... 0 non-health premium income)</td>
<td>X X X</td>
<td>1,373,688,533</td>
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<tr>
<td>3. Change in unearned premium reserves and reserve for rate credits</td>
<td>X X X</td>
<td></td>
</tr>
<tr>
<td>4. Fee-for-service (net of $........... 0 medical expenses)</td>
<td>X X X</td>
<td></td>
</tr>
<tr>
<td>5. Risk revenue</td>
<td>X X X</td>
<td></td>
</tr>
<tr>
<td>6. Aggregate write-ins for other health care related revenues</td>
<td>X X X</td>
<td>4,058,486</td>
</tr>
<tr>
<td>7. Aggregate write-ins for other non-health revenues</td>
<td>X X X</td>
<td></td>
</tr>
<tr>
<td>8. TOTAL Revenues (Lines 2 to 7)</td>
<td>X X X</td>
<td>1,377,747,019</td>
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<tr>
<td><strong>Hospital and Medical:</strong></td>
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<td></td>
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<tr>
<td>9. Hospital/medical benefits</td>
<td></td>
<td>565,961,530</td>
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<tr>
<td>10. Other professional services</td>
<td></td>
<td>295,916,021</td>
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<tr>
<td>11. Outside referrals</td>
<td></td>
<td>174,033,997</td>
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<tr>
<td>13. Prescription drugs</td>
<td></td>
<td>168,373,108</td>
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<tr>
<td>14. Aggregate write-ins for other hospital and medical</td>
<td>(8,118,859)</td>
<td>(8,129,753)</td>
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<tr>
<td>15. Incentive pool, withhold adjustments and bonus amounts</td>
<td>(412,272)</td>
<td>5,820,681</td>
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<tr>
<td>16. Subtotal (Lines 9 to 15)</td>
<td></td>
<td>1,244,045,869</td>
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<td><strong>Less:</strong></td>
<td></td>
<td></td>
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<tr>
<td>17. Net reinsurance recoveries</td>
<td></td>
<td>4,569,785</td>
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<tr>
<td>18. TOTAL Hospital and Medical (Lines 16 minus 17)</td>
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<td>1,239,476,064</td>
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<td>19. Non-health claims (net)</td>
<td></td>
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<td>20. Claims adjustment expenses, including $...........19,092,354 cost containment expenses</td>
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<td>31,441,514</td>
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<tr>
<td>21. General administrative expenses</td>
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<td>103,426,579</td>
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<tr>
<td>22. Increase in reserves for life and accident and health contracts (including $........... 0 increase in reserves for life only)</td>
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<tr>
<td>23. TOTAL Underwriting Deductions (Lines 18 through 22)</td>
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<td>24. Net underwriting gain or (loss) (Lines 8 minus 23)</td>
<td>X X X</td>
<td>3,402,842</td>
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<td>26. Net realized capital gains (losses) less capital gains tax of $...........0</td>
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<td>(545,457)</td>
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<td>27. Net investment gains (losses) (Lines 25 plus 26)</td>
<td></td>
<td>3,220,105</td>
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<td>28. Net gain or (loss) from agents’ or premium balances charged off (amount recovered $...........147,721 (amount charged off $...........0))</td>
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<td>147,721</td>
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<td>29. Aggregate write-ins for other income or expenses</td>
<td>(700,000)</td>
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<tr>
<td>30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 26 plus 28 plus 29)</td>
<td>X X X</td>
<td>6,070,668</td>
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<tr>
<td>31. Federal and foreign income taxes incurred</td>
<td>X X X</td>
<td></td>
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<tr>
<td>32. Net income (loss) (Lines 30 minus 31)</td>
<td>X X X</td>
<td>6,070,668</td>
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</table>

### DETAILS OF WRITE-INS

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Current Year</th>
<th>Prior Year</th>
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<tbody>
<tr>
<td>0601.</td>
<td>EOHHSS Incentive Income</td>
<td>X X X</td>
<td>4,058,486</td>
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<tr>
<td>0602.</td>
<td>Grant Revenue</td>
<td>X X X</td>
<td>2,500</td>
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<tr>
<td>0603.</td>
<td>X X X</td>
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<tr>
<td>0698.</td>
<td>Summary of remaining write-ins for Line 6 from overflow page</td>
<td>X X X</td>
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<tr>
<td>0699.</td>
<td>TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)</td>
<td>X X X</td>
<td>4,058,486</td>
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<tr>
<td>0701.</td>
<td>X X X</td>
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<tr>
<td>0702.</td>
<td>X X X</td>
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</tr>
<tr>
<td>0703.</td>
<td>X X X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0704.</td>
<td>X X X</td>
<td></td>
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<tr>
<td>0705.</td>
<td>X X X</td>
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<tr>
<td>0707.</td>
<td>X X X</td>
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<tr>
<td>0708.</td>
<td>Summary of remaining write-ins for Line 7 from overflow page</td>
<td>X X X</td>
<td></td>
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<tr>
<td>0709.</td>
<td>TOTALS (Line 0701 through 0703 plus 0708) (Line 7 above)</td>
<td>X X X</td>
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<tr>
<td>1401.</td>
<td>Stop Loss Recoveries from EOHHSS</td>
<td>X X X</td>
<td>(8,118,809)</td>
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<tr>
<td>1402.</td>
<td>CMS Cost Sharing Reduction Recoveries</td>
<td>X X X</td>
<td>(6,385,876)</td>
</tr>
<tr>
<td>1403.</td>
<td>X X X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1498.</td>
<td>Summary of remaining write-ins for Line 14 from overflow page</td>
<td>X X X</td>
<td></td>
</tr>
<tr>
<td>1499.</td>
<td>TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)</td>
<td>X X X</td>
<td>(8,118,809)</td>
</tr>
<tr>
<td>2001.</td>
<td>Penalty and Interest</td>
<td>(700,000)</td>
<td></td>
</tr>
<tr>
<td>2002.</td>
<td>X X X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003.</td>
<td>X X X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2598.</td>
<td>Summary of remaining write-ins for Line 29 from overflow page</td>
<td>X X X</td>
<td></td>
</tr>
<tr>
<td>2599.</td>
<td>TOTALS (Line 2501 through 2503 plus 2598) (Line 29 above)</td>
<td>X X X</td>
<td>(700,000)</td>
</tr>
</tbody>
</table>
### STATEMENT OF REVENUE AND EXPENSES (Continued)

**CAPITAL & SURPLUS ACCOUNT**

<table>
<thead>
<tr>
<th></th>
<th>Current Year</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>33.</td>
<td>Capital and surplus prior reporting year</td>
<td>100,277,568</td>
</tr>
<tr>
<td>34.</td>
<td>Net income or (loss) from Line 32</td>
<td>6,070,668</td>
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<tr>
<td>35.</td>
<td>Change in valuation basis of aggregate policy and claim reserves</td>
<td></td>
</tr>
<tr>
<td>36.</td>
<td>Change in net unrealized capital gains (losses) less capital gains tax of $</td>
<td>480,882</td>
</tr>
<tr>
<td>37.</td>
<td>Change in net unrealized foreign exchange capital gain or (loss)</td>
<td></td>
</tr>
<tr>
<td>38.</td>
<td>Change in net deferred income tax</td>
<td></td>
</tr>
<tr>
<td>39.</td>
<td>Change in nonadmitted assets</td>
<td>(5,262,827)</td>
</tr>
<tr>
<td>40.</td>
<td>Change in unauthorized and certified reinsurance</td>
<td></td>
</tr>
<tr>
<td>41.</td>
<td>Change in treasury stock</td>
<td></td>
</tr>
<tr>
<td>42.</td>
<td>Change in surplus notes</td>
<td></td>
</tr>
<tr>
<td>43.</td>
<td>Cumulative effect of changes in accounting principles</td>
<td></td>
</tr>
<tr>
<td>44.</td>
<td>Capital Changes:</td>
<td></td>
</tr>
<tr>
<td>44.1</td>
<td>Paid in</td>
<td></td>
</tr>
<tr>
<td>44.2</td>
<td>Transferred from surplus (Stock Dividend)</td>
<td></td>
</tr>
<tr>
<td>44.3</td>
<td>Transferred to surplus</td>
<td></td>
</tr>
<tr>
<td>45.</td>
<td>Surplus adjustments:</td>
<td></td>
</tr>
<tr>
<td>45.1</td>
<td>Paid in</td>
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</tr>
<tr>
<td>45.2</td>
<td>Transferred to capital (Stock Dividend)</td>
<td></td>
</tr>
<tr>
<td>45.3</td>
<td>Transferred from capital</td>
<td></td>
</tr>
<tr>
<td>46.</td>
<td>Dividends to stockholders</td>
<td></td>
</tr>
<tr>
<td>47.</td>
<td>Aggregate write-ins for gains or (losses) in surplus</td>
<td></td>
</tr>
<tr>
<td>48.</td>
<td>Net change in capital and surplus (Lines 34 to 47)</td>
<td>1,288,723</td>
</tr>
<tr>
<td>49.</td>
<td>Capital and surplus end of reporting year (Line 33 plus 48)</td>
<td>101,566,291</td>
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</tbody>
</table>

**DETAILS OF WRITE-INS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4701.</td>
<td></td>
</tr>
<tr>
<td>4702.</td>
<td></td>
</tr>
<tr>
<td>4703.</td>
<td></td>
</tr>
<tr>
<td>4798.</td>
<td>Summary of remaining write-ins for Line 47 from overflow page</td>
</tr>
<tr>
<td>4799.</td>
<td>TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)</td>
</tr>
</tbody>
</table>
# CASH FLOW

## Cash from Operations

1. Premiums collected net of reinsurance ................................................................. 1,324,960,340  1,359,394,589  
2. Net investment income ........................................................................... 4,022,496  2,460,657  
3. Miscellaneous income ................................................................................. 4,068,486  2,214,798  
4. TOTAL (Lines 1 through 3) ........................................................................ 1,333,071,322  1,364,070,044  
5. Benefit and loss related payments ................................................................. 1,275,373,832  1,192,761,687  
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .................  
7. Commissions, expenses paid and aggregate write-ins for deductions ................................. 147,388,080  139,079,399  
8. Dividends paid to policyholders ......................................................................  
9. Federal and foreign income taxes paid (recovered) net of $0 tax on capital gains (losses) ..............  
10. TOTAL (Lines 5 through 9) ............................................................................. 1,422,761,912  1,331,841,086  
11. Net cash from operations (Line 4 minus Line 10) ............................................ (89,690,590)  32,228,958  

## Cash from Investments

12. Proceeds from investments sold, matured or repaid: 
   12.1 Bonds ........................................................................................................... 31,897,557  35,154,634  
   12.2 Stocks ..........................................................................................................  
   12.3 Mortgage loans ..............................................................................................  
   12.4 Real estate .....................................................................................................  
   12.5 Other invested assets .....................................................................................  
   12.6 Net gains (losses) on cash, cash equivalents and short-term investments ..........  
   12.7 Miscellaneous proceeds ...............................................................................  
   12.8 TOTAL Investment proceeds (Lines 12.1 to 12.7) ........................................... 31,901,959  39,258,008  

13. Cost of investments acquired (long-term only): 
   13.1 Bonds ........................................................................................................... 33,938,573  38,192,828  
   13.2 Stocks ..........................................................................................................  
   13.3 Mortgage loans ..............................................................................................  
   13.4 Real estate .....................................................................................................  
   13.5 Other invested assets .....................................................................................  
   13.6 Miscellaneous applications ......................................................................... 587  1,152  
   13.7 TOTAL Investments acquired (Lines 13.1 to 13.6) ........................................... 33,939,160  38,193,980  

14. Net increase (decrease) in contract loans and premium notes .............................  

15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) ..................... (2,037,200)  1,064,028  

## Cash from Financing and Miscellaneous Sources

16. Cash provided (applied): 
   16.1 Surplus notes, capital notes .................................................................  
   16.2 Capital and paid in surplus, less treasury stock .............................................  
   16.3 Borrowed funds ............................................................................................  
   16.4 Net deposits on deposit-type contracts and other insurance liabilities ..........  
   16.5 Dividends to stockholders .........................................................................  
   16.6 Other cash provided (applied) ................................................................... (8,345,969)  2,178,781  

17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) (8,345,969)  2,178,781  

## 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) ................... (100,073,759)  35,471,767  

19. Cash, cash equivalents and short-term investments: 
   19.1 Beginning of year ....................................................................................... 243,611,242  208,139,475  
   19.2 End of year (Line 18 plus Line 19.1) ................................................................ 143,537,483  243,611,242  

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:  
20.0001
## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

<table>
<thead>
<tr>
<th></th>
<th>1 Comprehensive (Hospital &amp; Medical)</th>
<th>2 Medicare Supplement</th>
<th>3 Dental Only</th>
<th>4 Vision Only</th>
<th>5 Federal Employees Health Benefits Plan</th>
<th>6 Title XVII</th>
<th>7 Title XIX</th>
<th>8 Other Health</th>
<th>9 Other Non-Health</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Net premium income</td>
<td>1,373,688,533</td>
<td>100,982,407</td>
<td></td>
<td></td>
<td>1,272,706,128</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Change in unearned premium reserves and reserve for rate credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Fee-for-service (net of $0 ............0 medical expenses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Risk revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Aggregate write-ins for other health care related revenues</td>
<td>4,058,486</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Aggregate write-ins for other non-health care related revenues</td>
<td>X X X X X X X X X X X X X X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>TOTAL Revenues (Lines 1 to 6)</td>
<td>1,377,747,019</td>
<td>100,982,407</td>
<td></td>
<td></td>
<td>1,276,764,612</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Hospital medical benefits</td>
<td>565,961,530</td>
<td>24,039,344</td>
<td></td>
<td></td>
<td>541,922,188</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Other professional services</td>
<td>295,916,021</td>
<td>15,581,589</td>
<td></td>
<td></td>
<td>276,334,432</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>10.</td>
<td>Outside referrals</td>
<td>174,033,967</td>
<td>3,256,565</td>
<td></td>
<td></td>
<td>170,777,432</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Emergency room and out-of-area</td>
<td>48,292,294</td>
<td>2,493,545</td>
<td></td>
<td></td>
<td>45,798,749</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Aggregate write-ins for other hospital and medical</td>
<td>(8,118,809)</td>
<td></td>
<td></td>
<td></td>
<td>(8,118,809)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Incentive pool, withhold adjustments and bonus amounts</td>
<td>(412,272)</td>
<td></td>
<td></td>
<td></td>
<td>(412,272)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Subtotal (Lines 8 to 14)</td>
<td>1,244,045,869</td>
<td>64,158,402</td>
<td></td>
<td></td>
<td>1,179,887,467</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>Net reinsurance recoveries</td>
<td>4,569,785</td>
<td>24,995</td>
<td></td>
<td></td>
<td>4,544,790</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>TOTAL Hospital and Medical (Lines 15 minus 16)</td>
<td>1,239,476,084</td>
<td>64,133,407</td>
<td></td>
<td></td>
<td>1,175,342,677</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td>Non-health claims (net)</td>
<td>X X X X X X X X X X X X X X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td>X X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Claims adjustment expenses including $19,092,354 cost containment expenses</td>
<td>31,441,514</td>
<td>3,620,196</td>
<td></td>
<td></td>
<td>27,821,318</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>General administrative expenses</td>
<td>103,426,579</td>
<td>13,230,808</td>
<td></td>
<td></td>
<td>90,195,771</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Increase in reserves for accident and health contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Increase in reserves for life contracts</td>
<td>X X X X X X X X X X X X X X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td>X X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>TOTAL Underwriting Deductions (Lines 17 to 22)</td>
<td>1,374,344,177</td>
<td>80,984,411</td>
<td></td>
<td></td>
<td>1,293,359,766</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24.</td>
<td>Net underwriting gain or (loss) (Line 7 minus Line 23)</td>
<td>3,402,842</td>
<td>19,997,996</td>
<td></td>
<td></td>
<td>(16,595,154)</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### DETAILS OF WRITE-INS

<p>|   | 0501. EDHHSIncentive income | 4,058,486 |          |              |                                        | 4,058,486 |          |              |                  |      |
| 0502. |                               |          |          |              |                                        |          |          |              |                  |      |
| 0503. |                               |          |          |              |                                        |          |          |              |                  |      |
| 0598. | Summary of remaining write-ins for Line 5 from overflow page |                                |              |               |                                        |          |          |              |                  |      |
| 0599. | TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) | 4,058,486 |          |              |                                        | 4,058,486 |          |              |                  |      |
| 0601. |                                | X X X X X X X X X X X X X X X X X X X X |          |              |                                        | X X X X X X X X |          |              |                  |      |
| 0602. |                                | X X X X X X X X X X X X X X X X X X X X |          |              |                                        | X X X X X X X X |          |              |                  |      |
| 0603. |                                | X X X X X X X X X X X X X X X X X X X X |          |              |                                        | X X X X X X X X |          |              |                  |      |
| 0698. | Summary of remaining write-ins for Line 6 from overflow page |                                |              |               |                                        |          |          |              |                  |      |
| 0699. | TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) | X X X X X X X X X X X X X X X X X X X X |          |              |                                        |          |          |              |                  |      |
| 1301. | Stop Loss Recoveries from EDHHS | (8,118,809) |          |              |                                        | (8,118,809) |          |              |                  |      |
| 1302. |                                |          |          |              |                                        |          |          |              |                  |      |
| 1303. |                                |          |          |              |                                        |          |          |              |                  |      |
| 1398. | Summary of remaining write-ins for Line 13 from overflow page |                                |              |               |                                        |          |          |              |                  |      |
| 1399. | TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) | (8,118,809) |          |              |                                        | (8,118,809) |          |              |                  |      |</p>
<table>
<thead>
<tr>
<th>Line of Business</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Comprehensive (hospital and medical)</td>
<td>101,274,117</td>
<td></td>
<td>291,710</td>
<td>100,982,407</td>
</tr>
<tr>
<td>2. Medicare Supplement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Dental only</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Vision only</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Federal Employees Health Benefits Plan</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>6. Title XVIII - Medicare</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Title XIX - Medicaid</td>
<td>1,276,190,547</td>
<td>3,484,421</td>
<td>1,272,706,126</td>
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</tr>
<tr>
<td>8. Other health</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Health subtotal (Lines 1 through 8)</td>
<td>1,377,464,664</td>
<td>3,776,131</td>
<td>1,373,688,533</td>
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</tr>
<tr>
<td>10. Life</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>11. Property/casualty</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. TOTALS (Lines 9 to 11)</td>
<td>1,377,464,664</td>
<td>3,776,131</td>
<td>1,373,688,533</td>
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</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
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</tr>
<tr>
<td>1</td>
<td>Payments during the year:</td>
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<tr>
<td>1.1</td>
<td>Direct</td>
<td>1,277,690,418</td>
<td>63,510,996</td>
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</tr>
<tr>
<td>1.2</td>
<td>Reinsurance assumed</td>
<td>3,652,427</td>
<td>123,695</td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Reinsurance ceded</td>
<td>1,274,037,991</td>
<td>63,387,301</td>
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</tr>
<tr>
<td>1.4</td>
<td>Net</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Paid medical incentive pools and bonuses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Claim liability December 31, current year from Part 2A:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Direct</td>
<td>129,685,152</td>
<td>8,702,403</td>
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</tr>
<tr>
<td>3.2</td>
<td>Reinsurance assumed</td>
<td>3,3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3</td>
<td>Reinsurance ceded</td>
<td>3,3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4</td>
<td>Net</td>
<td>129,685,152</td>
<td>8,702,403</td>
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</tr>
<tr>
<td>4</td>
<td>Claim reserve December 31, current year from Part 2D:</td>
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<tr>
<td>4.1</td>
<td>Direct</td>
<td>1,441</td>
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</tr>
<tr>
<td>4.2</td>
<td>Reinsurance assumed</td>
<td>3,3</td>
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<td>Accrued medical incentive pools and bonuses, current year</td>
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<td>Amounts recoverable from reinsurers December 31, current year</td>
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<td>Accrued medical incentive pools and bonuses, prior year</td>
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<td>Amounts recoverable from reinsurers December 31, prior year</td>
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<tr>
<td>(a) Excludes $645,000 loans or advances to providers not yet expensed.</td>
<td>(412,272)</td>
<td>(412,272)</td>
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# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

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<tbody>
<tr>
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<td>Compre-</td>
<td>Medicare</td>
<td>Dental</td>
<td>Vision</td>
<td>Federal</td>
<td>Title</td>
<td>Title</td>
<td>Other</td>
<td>Other</td>
</tr>
<tr>
<td></td>
<td></td>
<td>hensive</td>
<td>Supplement</td>
<td>Only</td>
<td>Only</td>
<td>Employees</td>
<td>XVIII</td>
<td>XIX</td>
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<td>Non-Health</td>
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</tr>
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<td>1,085,284</td>
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<td>1.4</td>
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<td>1,085,284</td>
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<td>Incurred but Unreported:</td>
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<td>7,617,119</td>
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<td></td>
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<td>105,894,887</td>
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<td>7,617,119</td>
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<tr>
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<td>TOTALS</td>
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<tr>
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<td>120,982,749</td>
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<td>4.2</td>
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<td></td>
</tr>
<tr>
<td>4.3</td>
<td>Reinsurance ceded</td>
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<td>4.4</td>
<td>Net</td>
<td>129,685,152</td>
<td>8,702,403</td>
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### UNDERWRITING AND INVESTMENT EXHIBIT

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

<table>
<thead>
<tr>
<th>Line of Business</th>
<th>Claims Paid During the Year</th>
<th>Claim Reserve and Claim Liability December 31 of Current Year</th>
<th>5</th>
<th>6</th>
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<tbody>
<tr>
<td></td>
<td>1 On Claims Incurred Prior to January 1 of Current Year</td>
<td>2 On Claims Incurred During the Year</td>
<td>3 On Claims Unpaid December 31 of Prior Year</td>
<td>4 On Claims Incurred During the Year</td>
</tr>
<tr>
<td>1. Comprehensive (hospital and medical)</td>
<td>5,157,628</td>
<td>58,328,374</td>
<td>1,398,697</td>
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<tr>
<td>2. Medicare Supplement</td>
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<tr>
<td>3. Dental only</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>4. Vision only</td>
<td></td>
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<tr>
<td>5. Federal Employees Health Benefits Plan</td>
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<td>6. Title XVIII - Medicare</td>
<td>111,001,699</td>
<td>1,096,632,933</td>
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<td>7. Title XIX - Medicaid</td>
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<tr>
<td>8. Other health</td>
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<tr>
<td>9. Health subtotal (Lines 1 to 8)</td>
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<td>1,156,961,307</td>
<td>6,663,863</td>
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<tr>
<td>10. Healthcare receivables (a)</td>
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<td>1,564,260</td>
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<td>7,471,175</td>
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<tr>
<td>11. Other non-health</td>
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<tr>
<td>12. Medical incentive pool and bonus amounts</td>
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<td>590,956</td>
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<td>744,883</td>
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<td>13. TOTALS (Lines 9 - 10 + 11 + 12)</td>
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<td>1,155,988,003</td>
<td>6,735,589</td>
<td>116,640,353</td>
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(a) Excludes $645,000 loans or advances to providers not yet expensed.
### UNDERWRITING AND INVESTMENT EXHIBIT

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

#### Grand Total

**Section A - Paid Health Claims**

<table>
<thead>
<tr>
<th>Year in Which Losses Were Incurred</th>
<th>Cumulative Net Amounts Paid</th>
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<tr>
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<td>2014</td>
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<tr>
<td>1. Prior</td>
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<td>2. 2014</td>
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<tr>
<td>3. 2015</td>
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<tr>
<td>4. 2016</td>
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<tr>
<td>5. 2017</td>
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<tr>
<td>6. 2018</td>
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</table>

#### Section B - Incurred Health Claims

<table>
<thead>
<tr>
<th>Year in Which Losses Were Incurred</th>
<th>Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>1. Prior</td>
<td></td>
</tr>
<tr>
<td>2. 2014</td>
<td></td>
</tr>
<tr>
<td>3. 2015</td>
<td></td>
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<tr>
<td>4. 2016</td>
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<td>5. 2017</td>
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<tr>
<td>6. 2018</td>
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#### Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

<table>
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<th>Years in Which Premiums were Earned and Claims were Incurred</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
<td>Claim and Claim Adjustment Expense Payments (Col. 2 + 3)</td>
<td>Claim Unpaid</td>
<td>Total Claims and Claims Adjustment Expense Incurred (Col. 9 + 10)</td>
<td>Percent</td>
<td>Percent</td>
</tr>
<tr>
<td>1. 2014</td>
<td>892,604</td>
<td>791,463</td>
<td>12,256</td>
<td>1.549</td>
<td>803,719</td>
<td>90.042</td>
<td>803,719</td>
<td>3,192</td>
<td>90.042</td>
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<td>2. 2015</td>
<td>1,009,430</td>
<td>886,894</td>
<td>19,412</td>
<td>2.189</td>
<td>906,306</td>
<td>89.784</td>
<td>906,306</td>
<td>12,057</td>
<td>89.784</td>
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<td>968,459</td>
<td>23,603</td>
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<td>992,062</td>
<td>14,599</td>
<td>88.604</td>
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<tr>
<td>4. 2017</td>
<td>1,363,672</td>
<td>1,210,134</td>
<td>27,113</td>
<td>2.247</td>
<td>1,237,248</td>
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<td>27,535</td>
<td>2.396</td>
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### Section A - Paid Health Claims

<table>
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<th>Year in Which Losses Were Incurred</th>
<th>Cumulative Net Amounts Paid</th>
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<td></td>
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<td>2016</td>
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<tr>
<td>2017</td>
<td>X X X</td>
</tr>
<tr>
<td>2018</td>
<td>X X X</td>
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</table>

### Section B - Incurred Health Claims

<table>
<thead>
<tr>
<th>Year in Which Losses Were Incurred</th>
<th>Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>Prior</td>
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</tr>
<tr>
<td>2017</td>
<td>X X X</td>
</tr>
<tr>
<td>2018</td>
<td>X X X</td>
</tr>
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</table>

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

<table>
<thead>
<tr>
<th>Years in Which Premiums were Earned and Claims were Incurred</th>
<th>1</th>
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<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Premiums Earned</td>
<td>Claims Payments</td>
<td>Claim Adjustment Expense Payments (Col. 3/2) Percent</td>
<td>Claim and Claim Adjustment Expense Payments (Col. 2 + 3) Percent</td>
<td>Claims Unpaid</td>
<td>Unpaid Claims Adjustments Expenses (Col. 5 + 7) Percent</td>
<td>Total Claims and Claims Adjustment Expense Incurred (Col. 9 + 8) Percent</td>
<td>Unpaid Claims Adjustments Expenses (Col. 5 + 7) Percent</td>
<td>Claims Unpaid</td>
<td></td>
</tr>
<tr>
<td>1. Prior</td>
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<td>1,739</td>
<td>0 (0.003)</td>
<td>1,739</td>
<td>71.239</td>
<td>1,739</td>
<td>71.239</td>
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</tr>
<tr>
<td>2. Prior</td>
<td>42,649</td>
<td>24,172</td>
<td>244 (1.006)</td>
<td>24,416</td>
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<td>24,416</td>
<td>57.248</td>
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<tr>
<td>3. Prior</td>
<td>52,676</td>
<td>30,038</td>
<td>489 (1.627)</td>
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<td>57.952</td>
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<tr>
<td>5. Prior</td>
<td>100,982</td>
<td>58,220</td>
<td>3,114 (5.349)</td>
<td>61,334</td>
<td>60.738</td>
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<td>189</td>
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</tr>
</tbody>
</table>

### ANNUAL STATEMENT FOR THE YEAR 2018 OF THE Neighborhood Health Plan of Rhode Island

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

**Hospital and Medical**

**Section A - Paid Health Claims**

**Section B - Incurred Health Claims**

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . . NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . . . . . . . . . . NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . . . . . . . . NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . . . . . . . . NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . . . . . . . . . . NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . . . . . . . . NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . . . . . . . . NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . . . . . . . . NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . . . . . . . . NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . . . . . . . . NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare . . . . . . . NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare . . . . . . . NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare . . . . . . . NONE
### UNDERWRITING AND INVESTMENT EXHIBIT

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

#### Title XIX - Medicaid

**Section A - Paid Health Claims**

<table>
<thead>
<tr>
<th>Year in Which Losses Were Incurred</th>
<th>Cumulative Net Amounts Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>1. Prior</td>
<td>35.947</td>
</tr>
<tr>
<td>2. 2014</td>
<td>719.625</td>
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<tr>
<td>3. 2015</td>
<td>X X X</td>
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<tr>
<td>4. 2016</td>
<td>X X X</td>
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<tr>
<td>5. 2017</td>
<td>X X X</td>
</tr>
<tr>
<td>6. 2018</td>
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</table>

**Section B - Incurred Health Claims**

<table>
<thead>
<tr>
<th>Year in Which Losses Were Incurred</th>
<th>Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>1. Prior</td>
<td>36.238</td>
</tr>
<tr>
<td>2. 2014</td>
<td>799.452</td>
</tr>
<tr>
<td>3. 2015</td>
<td>X X X</td>
</tr>
<tr>
<td>4. 2016</td>
<td>X X X</td>
</tr>
<tr>
<td>5. 2017</td>
<td>X X X</td>
</tr>
<tr>
<td>6. 2018</td>
<td>X X X</td>
</tr>
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</table>

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

<table>
<thead>
<tr>
<th>Years in Which Premiums were Earned and Claims were Incurred</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Premiums Earned</td>
<td>Claims Payments</td>
<td>Claim Adjustment Expense Payments (Col. 3/2)</td>
<td>(Col. 4/3) Percent</td>
<td>Claim and Claim Adjustment Expense Payments (Col. 5/3)</td>
<td>(Col. 6/4) Percent</td>
<td>Claims Unpaid</td>
<td>Unpaid Claims Adjustment Expenses (Col. 8/7)</td>
<td>Total Claims and Claims Adjustment Expense Incurred (Col. 9/8)</td>
<td>(Col. 10/9) Percent</td>
</tr>
<tr>
<td>1. 2014</td>
<td>890,163</td>
<td>789,724</td>
<td>12,257</td>
<td>1.552</td>
<td>801,981</td>
<td>90.094</td>
<td>801,981</td>
<td>90.094</td>
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<tr>
<td>2. 2015</td>
<td>966,781</td>
<td>862,722</td>
<td>19,169</td>
<td>2.222</td>
<td>881,891</td>
<td>91.219</td>
<td>881,891</td>
<td>91.219</td>
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</tr>
<tr>
<td>3. 2016</td>
<td>1,066,984</td>
<td>938,421</td>
<td>23,114</td>
<td>2.463</td>
<td>961,535</td>
<td>90.117</td>
<td>961,535</td>
<td>90.117</td>
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<td></td>
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<tr>
<td>4. 2017</td>
<td>1,309,553</td>
<td>1,174,167</td>
<td>23,932</td>
<td>2.038</td>
<td>1,198,099</td>
<td>91.489</td>
<td>5,255</td>
<td>135</td>
<td>1,203,499</td>
<td>91.901</td>
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<tr>
<td>5. 2018</td>
<td>1,272,708</td>
<td>1,091,136</td>
<td>24,421</td>
<td>2.338</td>
<td>1,115,556</td>
<td>87.652</td>
<td>117,163</td>
<td>3,003</td>
<td>1,236,715</td>
<td>97.094</td>
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</table>
### Part 2C - Development of Paid and Incurred Health Claims ($000 Omitted)

#### Section A - Paid Health Claims

<table>
<thead>
<tr>
<th>Year in Which Losses Were Incurred</th>
<th>Cumulative Net Amounts Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>1. Prior</td>
<td>None</td>
</tr>
<tr>
<td>2. 2014</td>
<td>X</td>
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<tr>
<td>3. 2015</td>
<td>X</td>
</tr>
<tr>
<td>4. 2016</td>
<td>X</td>
</tr>
<tr>
<td>5. 2017</td>
<td>X</td>
</tr>
<tr>
<td>6. 2018</td>
<td>XXX</td>
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</tbody>
</table>

#### Section B - Incurred Health Claims

<table>
<thead>
<tr>
<th>Year in Which Losses Were Incurred</th>
<th>Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>1. Prior</td>
<td>None</td>
</tr>
<tr>
<td>2. 2014</td>
<td>X</td>
</tr>
<tr>
<td>3. 2015</td>
<td>X</td>
</tr>
<tr>
<td>4. 2016</td>
<td>X</td>
</tr>
<tr>
<td>5. 2017</td>
<td>X</td>
</tr>
<tr>
<td>6. 2018</td>
<td>XXX</td>
</tr>
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</table>

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

<table>
<thead>
<tr>
<th>Years in Which Premiums were Earned and Claims were Incurred</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Premiums Earned</td>
<td>Claims Payments</td>
<td>Claim Adjustment Expense Payments (Col. 3/2) Percent</td>
<td>Claim and Claim Adjustment Expense Payments (Col. 5/1) Percent</td>
<td>Unpaid Claims Adjustment Expenses</td>
<td>Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)</td>
<td>Claims Unpaid</td>
<td>(Col. 9/1) Percent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. 2014</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
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<tr>
<td>2. 2015</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
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<tr>
<td>3. 2016</td>
<td></td>
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<td>X</td>
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<td>XXX</td>
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<td>4. 2017</td>
<td></td>
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<td>5. 2018</td>
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<td>XXX</td>
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</table>
**UNDERWRITING AND INVESTMENT EXHIBIT**

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

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Unearned premium reserves</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Additional policy reserves (a)</td>
<td>Compre-hensive (Hospital &amp; Medical)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Reserve for future contingent benefits</td>
<td>Medicare Supplement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Reserve for rate credits or experience rating refunds (including $........0 for investment income)</td>
<td>Dental Only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>5.</td>
<td>Aggregate write-ins for other policy reserves</td>
<td>Vision Only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>TOTALS (Gross)</td>
<td>Federal Employees Health Benefits Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Reinsurance ceded</td>
<td>Title XVIII Medicare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>TOTALS (Net) (Page 3, Line 4)</td>
<td>Title XIX Medicaid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

9. Present value of amounts not yet due on claims
10. Reserve for future contingent benefits
11. Aggregate write-ins for other claim reserves
12. TOTALS (Gross)
13. Reinsurance ceded
14. TOTALS (Net) (Page 3, Line 7)

**DETAILS OF WRITE-INS**

<p>| | | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0501.</td>
<td>Risk Adjustment Liability</td>
<td>7,500,000</td>
<td>7,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0502.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0503.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0598.</td>
<td>Summary of remaining write-ins for Line 5 from overflow page</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0599.</td>
<td>TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)</td>
<td>7,500,000</td>
<td>7,500,000</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>1101.</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1102.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1103.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1198.</td>
<td>Summary of remaining write-ins for Line 11 from overflow page</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1199.</td>
<td>TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

(a) includes $...............0 premium deficiency reserve.
### PART 3 - ANALYSIS OF EXPENSES

<table>
<thead>
<tr>
<th>Claim Adjustment Expenses</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Containment Expenses</td>
<td>277,829</td>
<td>179,137</td>
<td>1,470,912</td>
</tr>
<tr>
<td>Other Claim Adjustment Expenses</td>
<td>9,737,002</td>
<td>6,689,745</td>
<td>32,887,305</td>
</tr>
<tr>
<td>General Administrative Expenses</td>
<td>22,884</td>
<td>14,755</td>
<td>121,156</td>
</tr>
<tr>
<td>Investment Expenses</td>
<td>241,107</td>
<td>155,459</td>
<td>1,276,493</td>
</tr>
<tr>
<td>Total</td>
<td>12,349,160</td>
<td>103,426,579</td>
<td>466,289</td>
</tr>
</tbody>
</table>

1. Rent ($..........0 for occupancy of own building) ........................................ 277,829
2. Salaries, wages and other benefits ...................................................... 9,737,002
3. Commissions (less $0 ceded plus $0 assumed) ........................................... 22,884
4. Legal fees and expenses .............................................................................. 241,107
5. Certifications and accreditation fees ....................................................... 965,566
6. Auditing, actuarial and other consulting services ...................................... 49,158
7. Marketing and advertising .......................................................................... 348,105
8. Postage, express and telephone ................................................................... 106,498
9. Printing and office supplies ......................................................................... 237,832
10. Occupancy, depreciation and amortization ................................................ 158,072
11. Equipment ................................................................................................... 241,107
12. Cost or depreciation of EDP equipment and software ................................ 674,080
13. Taxes, licenses and fees: .............................................................................. 5,015,253
14. Real estate taxes ......................................................................................... 390,519
15. Reimbursements from fiscal intermediaries ................................................ 113,471
16. Insurance, except on real estate ................................................................. 112,353
17. Collection and bank service charges .......................................................... 112,353
18. Group service and administration fees ...................................................... 22,884
19. Reimbursements by uninsured plans .......................................................... 112,353
20. Reimbursements from fiscal intermediaries ................................................ 112,353
21. Real estate taxes ......................................................................................... 112,353
22. Taxes, licenses and fees: .............................................................................. 112,353
23. State and local insurance taxes ................................................................. 23,630,195
24. State premium taxes .................................................................................... 3,197,893
25. Regulatory authority licenses and fees ......................................................... 3,197,893
26. Payroll taxes ................................................................................................ 3,197,893
27. Other (excluding federal income and real estate taxes) .............................. 1,673,059
28. Investment expenses not included elsewhere ............................................ 1,673,059
29. Aggregate write-ins for expenses ................................................................. 1,673,059
30. TOTAL Expenses Incurred (Lines 1 to 25) .................................................. 1,902,354
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) ....... 1,902,354

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

### DETAILS OF WRITE-INS

- 2501. Conferences, Training, and Tuition .................................................... 18,505
- 2502. Recruitment Fees ................................................................................. 849,907
- 2503. Meeting .................................................................................................. 91,829
- 2504. Summary of remaining write-ins for Line 25 from overflow page ..... 168,667

- 2599. TOTALS (Lines 2501 through 2503 plus 2504) (Line 25 above) ........ 168,667

- 2599. TOTALS (Lines 2501 through 2503 plus 2504) (Line 25 above) ........ 168,667
### EXHIBIT OF NET INVESTMENT INCOME

<table>
<thead>
<tr>
<th></th>
<th>1 Collected During Year</th>
<th>2 Earned During Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. U.S. Government bonds</td>
<td>(a) 839,474</td>
<td>863,464</td>
</tr>
<tr>
<td>1.1 Bonds exempt from U.S. tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 Other bonds (unaffiliated)</td>
<td>(a) 1,059,118</td>
<td>1,063,166</td>
</tr>
<tr>
<td>1.3 Bonds of affiliates</td>
<td>(a)</td>
<td></td>
</tr>
<tr>
<td>2.1 Preferred stocks (unaffiliated)</td>
<td>(b)</td>
<td></td>
</tr>
<tr>
<td>2.11 Preferred stocks of affiliates</td>
<td>(b)</td>
<td></td>
</tr>
<tr>
<td>2.2 Common stocks (unaffiliated)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.21 Common stocks of affiliates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Mortgage loans</td>
<td>(c)</td>
<td></td>
</tr>
<tr>
<td>4. Real estate</td>
<td>(d)</td>
<td></td>
</tr>
<tr>
<td>5. Contract loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Cash, cash equivalents and short-term investments</td>
<td>(e) 2,348,723</td>
<td>2,305,221</td>
</tr>
<tr>
<td>7. Derivative instruments</td>
<td>(f)</td>
<td></td>
</tr>
<tr>
<td>8. Other invested assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Aggregate write-ins for investment income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. TOTAL gross investment income</td>
<td>4,247,315</td>
<td>4,231,851</td>
</tr>
<tr>
<td>11. Investment expenses</td>
<td>(g) 466,289</td>
<td></td>
</tr>
<tr>
<td>12. Investment taxes, licenses and fees, excluding federal income taxes</td>
<td>(g)</td>
<td></td>
</tr>
<tr>
<td>13. Interest expense</td>
<td>(h)</td>
<td></td>
</tr>
<tr>
<td>14. Depreciation on real estate and other invested assets</td>
<td>(i)</td>
<td></td>
</tr>
<tr>
<td>15. Aggregate write-ins for deductions from investment income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. TOTAL Deductions (Lines 11 through 15)</td>
<td>466,289</td>
<td></td>
</tr>
<tr>
<td>17. Net investment income (Line 10 minus Line 16)</td>
<td>3,765,562</td>
<td></td>
</tr>
</tbody>
</table>

#### DETAILS OF WRITE-INS

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

<table>
<thead>
<tr>
<th>1501.</th>
<th>1502.</th>
<th>1503.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

(a) Includes $99,666 accrual of discount less $341,134 amortization of premium and less $134,891 paid for accrued interest on purchases.
(b) Includes $0 accrual of discount less $0 amortization of premium and less $0 paid for accrued dividends on purchases.
(c) Includes $0 accrual of discount less $0 amortization of premium and less $0 paid for accrued interest on purchases.
(d) Includes 0 for company's occupancy of its own buildings; and excludes $0 interest on encumbrances.
(e) Includes $326,233 accrual of discount less $73,034 amortization of premium and less $292,863 paid for accrued interest on purchases.
(f) Includes $0 for accrued interest on purchases.
(g) Includes $0 investment expenses and $0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $0 interest on surplus notes and $0 interest on capital notes.
(i) Includes $0 depreciation on real estate and $0 depreciation on other invested assets.

### EXHIBIT OF CAPITAL GAINS (LOSSES)

<table>
<thead>
<tr>
<th></th>
<th>1 Realized Gain (Loss) on Sales or Maturity</th>
<th>2 Other Realized Adjustments</th>
<th>3 Total Realized Capital Gain (Loss) (Columns 1 + 2)</th>
<th>4 Change in Unrealized Capital Gain (Loss)</th>
<th>5 Change in Unrealized Foreign Exchange Capital Gain (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. U.S. Government bonds</td>
<td>(528,692)</td>
<td></td>
<td>(528,692)</td>
<td>480,882</td>
<td></td>
</tr>
<tr>
<td>1.1 Bonds exempt from U.S. tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 Other bonds (unaffiliated)</td>
<td>(16,179)</td>
<td></td>
<td>(16,179)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3 Bonds of affiliates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 Preferred stocks (unaffiliated)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.11 Preferred stocks of affiliates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2 Common stocks (unaffiliated)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.21 Common stocks of affiliates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Mortgage loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Real estate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Contract loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Cash, cash equivalents and short-term investments</td>
<td>(587)</td>
<td></td>
<td>(587)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Derivative instruments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Other invested assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Aggregate write-ins for capital gains (losses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. TOTAL Capital gains (losses)</td>
<td>(545,457)</td>
<td></td>
<td>(545,457)</td>
<td>480,882</td>
<td></td>
</tr>
</tbody>
</table>

#### DETAILS OF WRITE-INS

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

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Current Year Total Nonadmitted Assets</th>
<th>Prior Year Total Nonadmitted Assets</th>
<th>Change in Total Nonadmitted Assets (Col. 2 - Col. 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bonds (Schedule D)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Stocks (Schedule D)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 Preferred stocks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2 Common stocks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Mortgage loans on real estate (Schedule B)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1 First liens</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2 Other than first liens</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Real estate (Schedule A)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1 Properties occupied by the company</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2 Properties held for the production of income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.3 Properties held for sale</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Contract loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Derivatives (Schedule DB)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Other invested assets (Schedule BA)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Receivables for securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Securities lending reinvested collateral assets (Schedule DL)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Aggregate write-ins for invested assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Subtotals, cash and invested assets (Lines 1 to 11)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Title plants (for Title insurers only)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Invested income due and accrued</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Premium and considerations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.1 Uncollected premiums and agents' balances in the course of collection</td>
<td>1,190,269</td>
<td>254,987</td>
<td>(935,282)</td>
</tr>
<tr>
<td>15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.3 Accrued retrospective premiums and contracts subject to redetermination</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Reinsurance:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.1 Amounts recoverable from reinsurers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.2 Funds held by or deposited with reinsured companies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.3 Other amounts receivable under reinsurance contracts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Amounts receivable relating to uninsured plans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.1 Current federal and foreign income tax recoverable and interest thereon</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.2 Net deferred tax asset</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Guaranty funds receivable or on deposit</td>
<td>286,272</td>
<td>15,269</td>
<td>(271,003)</td>
</tr>
<tr>
<td>20. Electronic data processing equipment and software</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Furniture and equipment, including health care delivery assets</td>
<td>738,646</td>
<td>911,501</td>
<td>172,855</td>
</tr>
<tr>
<td>22. Net adjustment in assets and liabilities due to foreign exchange rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Receivables from parent, subsidiaries and affiliates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Health care and other amounts receivable</td>
<td>4,604,687</td>
<td>4,899,760</td>
<td>295,073</td>
</tr>
<tr>
<td>25. Aggregate write-ins for other than invested assets</td>
<td>5,910,587</td>
<td>1,386,117</td>
<td>(4,524,470)</td>
</tr>
<tr>
<td>26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)</td>
<td>12,730,461</td>
<td>7,467,634</td>
<td>(5,262,827)</td>
</tr>
<tr>
<td>27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28. TOTAL (Lines 26 and 27)</td>
<td>12,730,461</td>
<td>7,467,634</td>
<td>(5,262,827)</td>
</tr>
</tbody>
</table>

## DETAILS OF WRITE-INS

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Current Year Total Nonadmitted Assets</th>
<th>Prior Year Total Nonadmitted Assets</th>
<th>Change in Total Nonadmitted Assets (Col. 2 - Col. 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1101.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1102.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1103.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1198.</td>
<td>Summary of remaining write-ins for Line 11 from overflow page</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1199.</td>
<td>TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2501.</td>
<td>Prepaid Premium Taxes</td>
<td>1,505,286</td>
<td>1,186,624</td>
<td>(318,662)</td>
</tr>
<tr>
<td>2502.</td>
<td>Prepaid Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2503.</td>
<td>Receivable from State</td>
<td>4,405,301</td>
<td>199,493</td>
<td>(4,205,808)</td>
</tr>
<tr>
<td>2598.</td>
<td>Summary of remaining write-ins for Line 25 from overflow page</td>
<td>5,910,587</td>
<td>1,386,117</td>
<td>(4,524,470)</td>
</tr>
</tbody>
</table>

16
## EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

<table>
<thead>
<tr>
<th>Source of Enrollment</th>
<th>Total Members at End of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 Prior Year</td>
</tr>
<tr>
<td>1. Health Maintenance Organizations</td>
<td>199,639</td>
</tr>
<tr>
<td>2. Provider Service Organizations</td>
<td></td>
</tr>
<tr>
<td>3. Preferred Provider Organizations</td>
<td></td>
</tr>
<tr>
<td>4. Point of Service</td>
<td></td>
</tr>
<tr>
<td>5. Indemnity Only</td>
<td></td>
</tr>
<tr>
<td>6. Aggregate write-ins for other lines of business</td>
<td></td>
</tr>
<tr>
<td>7. TOTAL</td>
<td>199,639</td>
</tr>
</tbody>
</table>

### DETAILS OF WRITE-INS

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0601.</td>
<td></td>
</tr>
<tr>
<td>0602.</td>
<td></td>
</tr>
<tr>
<td>0603.</td>
<td></td>
</tr>
<tr>
<td>0698.</td>
<td>Summary of remaining write-ins for Line 6 from overflow page</td>
</tr>
<tr>
<td>0699.</td>
<td>TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)</td>
</tr>
</tbody>
</table>
1. Summary of Significant Accounting Policies

A. Accounting Practices

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

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

<table>
<thead>
<tr>
<th>SSAP #</th>
<th>F/S Page</th>
<th>F/S Line #</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET INCOME</td>
<td></td>
<td></td>
<td>6,070,668</td>
<td>(1,663,851)</td>
</tr>
<tr>
<td>(1) State basis (Page 4, Line 32, Columns 2 &amp; 3)</td>
<td>52</td>
<td></td>
<td>6,070,668</td>
<td>(1,663,851)</td>
</tr>
<tr>
<td>(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:</td>
<td>55</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(201)</td>
<td>52</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(3) State Permitted Practices that are an increase/(decrease) NAIC SAP:</td>
<td>55</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(301)</td>
<td>52</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(399) Total</td>
<td>52</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(4) NAIC SAP (1-2-3=4)</td>
<td>53</td>
<td></td>
<td>6,070,668</td>
<td>(1,663,851)</td>
</tr>
<tr>
<td>SURPLUS</td>
<td></td>
<td></td>
<td>101,566,289</td>
<td>100,277,568</td>
</tr>
<tr>
<td>(5) State basis (Page 3, Line 33, Columns 3 &amp; 4)</td>
<td>52</td>
<td></td>
<td>101,566,289</td>
<td>100,277,568</td>
</tr>
<tr>
<td>(6) State Prescribed Practices that are an increase/(decrease) NAIC SAP:</td>
<td>55</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(601)</td>
<td>52</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(699) Total</td>
<td>52</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(7) State Permitted Practices that are an increase/(decrease) NAIC SAP:</td>
<td>55</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(701)</td>
<td>52</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(799) Total</td>
<td>52</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(8) NAIC SAP (5-6-7=8)</td>
<td>53</td>
<td></td>
<td>101,566,289</td>
<td>100,277,568</td>
</tr>
</tbody>
</table>

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

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

C. Accounting Policy

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

In addition, the Company uses the following accounting policies:

(1) Short-term investments are stated at amortized cost.

(2) Bonds are stated at amortized cost using the scientific interest method. The Company does not have any mandatory convertible securities and SVO-identified investments.
(3) The Company had no common stock.

(4) The Company had no preferred stock.

(5) The Company had no mortgage loans.

(6) The Company only had loan-backed securities designated with NAIC 1 designations and are reported at amortized cost.

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

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

(9) The Company had no derivatives.

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

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

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

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

D. Going Concern

None

2. Accounting Changes and Corrections of Errors

None

3. Business Combinations and Goodwill

A. Statutory Purchase Method - None

B. Statutory Merger - None

C. Assumption Reinsurance – None

D. Impairment Loss – None

4. Discontinued Operations

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

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

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

D. Equity Interest Retained in Discontinued Operation After Disposal - None

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans - None

B. Debt Restructuring - None

C. Reverse Mortgages – None
D. Loan-Backed Securities  
(1) Prepayment assumptions for loan-backed securities were obtained from third party sources  
(2), (3) There were no other-than-temporary impairments on any loan-backed securities  
E. Dollar Repurchase Agreements and/or Securities Lending Transactions – None  
F. Repurchase Agreements Transactions Accounted for as Secured Borrowing – None  
G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – None  
H. Repurchase Agreements Transactions Accounted for as a Sale – None  
I. Reverse Repurchase Agreements Transactions Accounted for as a Sale – None  
J. Real Estate – None  
K. Low-income housing tax credits (LIHTC) – None  
L. Restricted Assets  

(1) Restricted Assets (Including Pledged)  

<table>
<thead>
<tr>
<th>Restricted Asset Category</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Gross (Admitted &amp; Nonadmitted)</td>
<td>$85,991,393</td>
<td>$84,464,872</td>
<td>$1,526,521</td>
<td>85,991,393</td>
<td>24.809</td>
<td>25.755</td>
<td></td>
</tr>
<tr>
<td>Total Gross (Admitted &amp; Nonadmitted) Restricted from Prior Year</td>
<td>$85,991,393</td>
<td>$84,464,872</td>
<td>$1,526,521</td>
<td>85,991,393</td>
<td>24.809</td>
<td>25.755</td>
<td></td>
</tr>
<tr>
<td>Total Gross (Admitted &amp; Nonadmitted) Restricted Nonadmitted</td>
<td>$85,991,393</td>
<td>$84,464,872</td>
<td>$1,526,521</td>
<td>85,991,393</td>
<td>24.809</td>
<td>25.755</td>
<td></td>
</tr>
<tr>
<td>Total Current Year Nonadmitted Restricted</td>
<td>$85,991,393</td>
<td>$84,464,872</td>
<td>$1,526,521</td>
<td>85,991,393</td>
<td>24.809</td>
<td>25.755</td>
<td></td>
</tr>
<tr>
<td>Total Current Year Admitted Restricted</td>
<td>$85,991,393</td>
<td>$84,464,872</td>
<td>$1,526,521</td>
<td>85,991,393</td>
<td>24.809</td>
<td>25.755</td>
<td></td>
</tr>
<tr>
<td>Gross (Admitted &amp; Nonadmitted) Restricted to Total Assets</td>
<td>$85,991,393</td>
<td>$84,464,872</td>
<td>$1,526,521</td>
<td>85,991,393</td>
<td>24.809</td>
<td>25.755</td>
<td></td>
</tr>
<tr>
<td>Admitted Restricted to Total Admitted Assets</td>
<td>$85,991,393</td>
<td>$84,464,872</td>
<td>$1,526,521</td>
<td>85,991,393</td>
<td>24.809</td>
<td>25.755</td>
<td></td>
</tr>
</tbody>
</table>

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories – None  
(3) Detail of Other Restricted Assets – None  
M. Working Capital Finance Investments – None  
N. Offsetting and Netting of Assets and Liabilities – None
### Structured Notes

<table>
<thead>
<tr>
<th>CUSIP Identification</th>
<th>Actual Cost</th>
<th>Fair Value</th>
<th>Book/Adjusted Carrying Value</th>
<th>Mortgage Referenced Security (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>912810FR4</td>
<td>105,581</td>
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<td>912828X39</td>
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<td>78,484</td>
<td>81,427</td>
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<td>411,536</td>
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<td>198,520</td>
<td>205,743</td>
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<td>912828XL9</td>
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<td>1,060,487</td>
<td>1,090,150</td>
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<tr>
<td></td>
<td>24,229,972</td>
<td>24,506,174</td>
<td>25,347,065</td>
<td>XXX</td>
</tr>
</tbody>
</table>
P. SGI Securities – None
Q. Short Sales – None
R. Prepayment Penalty and Acceleration Fees

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of CUSIPS</th>
<th>Aggregate Amount of Investment Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6,128</td>
</tr>
</tbody>
</table>

6. Joint Ventures, Partnerships and Limited Liability Companies

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

7. Investment Income

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

8. Derivative Instruments

None

9. Income Taxes

None. The Company is a non-profit HMO.

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

A, B, C & D

A Neighborhood bylaw includes certain Rhode Island Community Health Centers to be "Members of the Corporation" so long as specific criteria continue to be met, which includes having in effect with Neighborhood a contract to provide health care services for Neighborhood's enrollees in exchange for payment. Contracts entered into by and between Neighborhood and the Members of the Corporation provide for capitation-based reimbursement to manage and deliver primary care medical services and fee-for-service based reimbursement to deliver other medical services. For the years ended December 31, 2017 and 2018, medical and hospital expenses included $34,272,511 and $33,642,240, respectively, for medical services provided, and incentive arrangements earned, by such Members of the Corporation. At December 31, 2017 and 2018 accrued incentives in the amount of $3,190,531 and $961,493 were due to members of the Corporation.

E. Guarantees - None
F. Material management contracts – None
G. Common Control – None
H. Deductions in Value – There have been no deductions in value between affiliated companies.
I. SCA that exceed 10% of Admitted Assets – None
J. Impaired SCAs – None
K. Foreign Subsidiary – None
L. Downstream Noninsurance Holding Company – None
M. Non-Insurance SCA Investments - None
N. Investment in Insurance SCA – None
O. SCA Loss Tracking - None
11. Debt
   A. Debt – None
   B. FHLB (Federal Home Loan Bank) Agreements – None

   A. Defined Benefit Plan - None
   B. Investment Policies and Strategies – None
   C. Plan Assets – None
   D. Long-term Rate-of-return-on-assets Assumption - None
   E. Defined Contribution Plans - Neighborhood sponsors a Safe Harbor 401(k) Profit Sharing Plan and Trust (the Plan) covering employees meeting certain age and length of service requirements. Neighborhood matches one hundred percent of the first three percent of a participant’s eligible compensation and fifty percent of the next two percent of a participant’s eligible compensation contribution. Employer contributions to the Plan included in administrative expenses, totaled $1,153,411 and $1,298,625 for the years ended December 31, 2017 and 2018, respectively. At December 31, 2018, the fair value of plan assets was $27,198,305.
   F. Multi-Employer Plan – None
   G. Consolidated/Holding Company Plans – None
   H. Post-Employment Benefits and Compensated Absences – None
   I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – None

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
   (1) The Company has no common stock issued or outstanding.
   (2) The Company has no preferred stock issued or outstanding.
   (3) No dividends can be issued since the Company is not a stock company.
   (4) None.
   (5) None.
   (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being paid.
   (7) The Company has no advances to surplus not repaid.
   (8) The Company held no stock.
   (9) There were no changes to the balances of any special surplus funds from the prior year.
   (10) Portion of unassigned funds represented or reduced by unrealized gains or losses is $1,409,430.
   (11) Surplus Notes - None
   (12), (13) There have been no quasi-reorganizations.

14. Liabilities, Contingencies and Assessments
   A. Contingent Commitments - None
   B. Assessments – None.
   C. Gain Contingencies – None
   D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits – None
   E. Joint and Several Liabilities – None
   F. All Other Contingencies – None
15. **Leases**

A. **Lessee Operating Lease** –

   (1) Neighborhood has two operating lease agreements, one with Foundry Parcel Six Associates, LLC and the other with Smithfield Office Center LLC. It also has one sublease agreement with Northwestern Mutual Life Insurance Company.

   Neighborhood operating lease agreement with Foundry Parcel Six Associates, LLC, leases approximately 61,040 square feet of office space. The 61,040 square feet of office space is made up of 44,328 square feet of office space leased on July 16, 2003 (amended by both parties on August 23, 2005 to include an additional 6,100 square feet) and 10,612 square feet of office space leased on September, 2007. The terms and conditions for these agreements as at December 31, 2018 extend through December 31, 2020. The exception to that is Neighborhood has exercised the option to terminate early and exit by December 31, 2019 from the 10,612 square feet of office space leased on September, 2007 by paying a buyout fee of $23,034.

   Neighborhood sublease agreement of approximately 9,250 square feet of office space with the Northwestern Mutual Life Insurance Company on October 31, 2013 has been terminated effective December 31, 2018.

   In December 2015 the Company entered into a lease with Smithfield Office Center, LLC to rent out 75,543 square feet of administrative office space through November 2025. Neighborhood has the option to extend the term of this lease for two (2) consecutive additional periods of five (5) year each.

   In addition to base rent, Neighborhood pays to Foundry Parcel Six Associates, LLC and Smithfield Office Center, LLC, increases in real estate taxes and operating expenses over the base year amounts, as well as maintenance and insurance costs on all leases and subleases. Neighborhood also pays to Northwestern Mutual Life Insurance Company a square footage percentage of electricity costs based on the total rentable space. The above operating leases (excluding the sublease) require Neighborhood to pay the lessor security deposits of $79,363. The security deposits, together with any and all accrued interest, will be held by the lessor during the term of the leases.

   Minimum rent expense related to the leases totaled approximately $2,014,541 and $2,560,270 for the years ended December 31, 2017 and 2018 respectively.

   At December 31, 2018 the annual minimum future lease payments under all non-cancelable operating leases with Foundry Parcel Six Associates, LLC, and Smithfield Office Center, LLC, and Northwestern Mutual Life Insurance Company, excluding real estate taxes and operating expenses, are $13,041,972.

   (2) a. At January 1, 2019, the minimum aggregate rental commitments are as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31</th>
<th>Operating Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2,645,415</td>
</tr>
<tr>
<td>2020</td>
<td>2,667,101</td>
</tr>
<tr>
<td>2021</td>
<td>1,512,338</td>
</tr>
<tr>
<td>2022</td>
<td>1,541,874</td>
</tr>
<tr>
<td>2023</td>
<td>1,573,267</td>
</tr>
<tr>
<td>There After</td>
<td>3,101,977</td>
</tr>
<tr>
<td>Total</td>
<td>$13,041,972</td>
</tr>
</tbody>
</table>

   b. None

   B. **Lessor Leases** – None

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

   None

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

   A. Transfers of Receivables reported as Sales – None

   B. **Transfer and Servicing of Financial Assets** – None

   C. Wash Sales – None

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

   A. **ASO Plans** – None

   B. ASC Plans - None

   C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract – None
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None

20. Fair Value Measurements

A. (1) Fair Value Measurements at reporting date: During 2018, Neighborhood only reports Money Market Mutual Funds in Cash Equivalents at fair value using Level 2. The Company has no other assets or liabilities reported at fair value. Level 1 measurement is the unadjusted quoted price for identical assets or liabilities in active markets accessible at the measurement date, Level 2 measurement requires significant other observable inputs, and Level 3 requires significant unobservable inputs. Neighborhood’s investments, comprised principally of bonds, are recorded at amortized cost.

<table>
<thead>
<tr>
<th>Description for each class of asset or liability</th>
<th>(Level 1)</th>
<th>(Level 2)</th>
<th>(Level 3)</th>
<th>Net Asset Value (NAV)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Equivalents</td>
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</tr>
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<tr>
<td>Subtotal – Assets at fair value</td>
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<td>46,948,371</td>
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<tr>
<td>Liabilities at fair value</td>
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</tr>
<tr>
<td>Subtotal – Liabilities at fair value</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

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

(5) Derivative assets and liabilities- None

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

C. Aggregate Fair Value of All Financial Instruments

<table>
<thead>
<tr>
<th>Type of Financial Instrument</th>
<th>Aggregate Fair Value</th>
<th>Admitted Assets</th>
<th>(Level 1)</th>
<th>(Level 2)</th>
<th>(Level 3)</th>
<th>Net Asset Value (NAV)</th>
<th>Not Practicable (Carrying Value)</th>
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<td>Short-term Investments</td>
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<tr>
<td>Cash Equivalents</td>
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<td>46,948,371</td>
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</table>

D. Not Practicable to Estimate Fair Value – None

E. Investments Measured at Net Asset Value (NAV) - None

21. Other Items

A. Unusual and Infrequent Items – None

B. Troubled Debt Restructuring – None

C. Other Disclosures – None

D. Business Interruption Insurance Recoveries - None

E. State Transferable and Non-transferable Tax Credits - None

F. Subprime-Mortgage-Related Risk Exposure – None

G. Retained Assets – None
22. **Events Subsequent**

Type I. – Recognized Subsequent Events

Subsequent events have been considered through February 28, 2019 for the statutory statement issued on December 31, 2018.

None

Type II. – Nonrecognized Subsequent Events

Subsequent events have been considered through February 28, 2019 for the statutory statement issued on December 31, 2018.

On January 1, 2019, the Company is not subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA) due to being a non-profit HMO with a percentage of Medicaid business being over 80% of total premiums.

23. **Reinsurance**

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

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

Yes ( ) No ( x )

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

Yes ( ) No ( x )

Section 2 – Ceded Reinsurance Report – Part A

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

Yes ( ) No ( x )

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

Yes ( ) No ( x )

Section 3 – Ceded Reinsurance Report – Part B – None

B. Uncollectible Reinsurance – None

C. Commutation of Ceded Reinsurance – None

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

24. **Retrospectively Rated Contracts & Contracts Subject to Redetermination**

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

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

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

D. Medical loss ratio rebates required pursuant to the Public Health Service Act - None
E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Permanent ACA Risk Adjustment Program</td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
</tr>
<tr>
<td>1. Premium adjustments receivable due to ACA Risk Adjustment</td>
<td>0</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
</tr>
<tr>
<td>2. Risk adjustment user fees payable for ACA Risk Adjustment</td>
<td>37,719</td>
</tr>
<tr>
<td>3. Premium adjustments payable due to ACA Risk Adjustment</td>
<td>7,500,000</td>
</tr>
<tr>
<td>Operations (Revenue &amp; Expense)</td>
<td></td>
</tr>
<tr>
<td>4. Reported as revenue in premium for accident and health contracts</td>
<td>(5,721,020)</td>
</tr>
<tr>
<td>(written/collected) due to ACA Risk Adjustment</td>
<td></td>
</tr>
<tr>
<td>5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)</td>
<td>37,719</td>
</tr>
<tr>
<td>b. Transitional ACA Reinsurance Program</td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
</tr>
<tr>
<td>1. Amounts recoverable for claims paid due to ACA Reinsurance</td>
<td>0</td>
</tr>
<tr>
<td>2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)</td>
<td>0</td>
</tr>
<tr>
<td>3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance</td>
<td>0</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
</tr>
<tr>
<td>4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium</td>
<td>0</td>
</tr>
<tr>
<td>5. Ceded reinsurance premiums payable due to ACA Reinsurance</td>
<td>0</td>
</tr>
<tr>
<td>6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance</td>
<td>0</td>
</tr>
<tr>
<td>Operations (Revenue &amp; Expense)</td>
<td></td>
</tr>
<tr>
<td>7. Ceded reinsurance premiums due to ACA Reinsurance</td>
<td>0</td>
</tr>
<tr>
<td>8. Reinsurance recoveries (income statement) due to ACA Reinsurance</td>
<td>(15,609)</td>
</tr>
<tr>
<td>payments or expected payments</td>
<td></td>
</tr>
<tr>
<td>9. ACA Reinsurance contributions – not reported as ceded premium</td>
<td>0</td>
</tr>
<tr>
<td>c. Temporary ACA Risk Corridors Program</td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
</tr>
<tr>
<td>1. Accrued retrospective premium due to ACA Risk Corridors</td>
<td>0</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
</tr>
<tr>
<td>2. Reserve for rate credits or policy experience rating refunds due ACA Risk Corridors</td>
<td>0</td>
</tr>
<tr>
<td>Operations (Revenue &amp; Expense)</td>
<td></td>
</tr>
<tr>
<td>3. Effect of ACA Risk Corridors on net premium income (paid/received)</td>
<td>0</td>
</tr>
<tr>
<td>4. Effect of ACA Risk Corridors on change in reserves for rate credits</td>
<td>0</td>
</tr>
</tbody>
</table>
(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance.

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accrued During the Prior Year on Business Written Before December 31 of the Prior Year</strong></td>
<td><strong>Receivable</strong></td>
<td><strong>Payable</strong></td>
<td><strong>Receivable</strong></td>
<td><strong>Payable</strong></td>
<td><strong>Receivable</strong></td>
<td><strong>Payable</strong></td>
<td><strong>Receivable</strong></td>
<td><strong>Payable</strong></td>
<td><strong>Ref</strong></td>
</tr>
<tr>
<td><strong>To Prior Year Balances</strong></td>
<td><strong>Prior Year Annual Loss Payments (Col 1 - 3)</strong></td>
<td><strong>Prior Year Annual Loss Payments (Col 2 - 4)</strong></td>
<td><strong>To Prior Year Balances</strong></td>
<td><strong>Cumulative Balance from Prior Years (Col 1 – 3 + 7)</strong></td>
<td><strong>Cumulative Balance from Prior Years (Col 2 – 4 + 8)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>a. Permanent ACA Risk Adjustment Program</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Premium adjustments receivable</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2. Premium adjustments payable</td>
<td>$0</td>
<td>$10,413,158</td>
<td>$0</td>
<td>$8,894,778</td>
<td>$0</td>
<td>$1,718,980</td>
<td>$0</td>
<td>$1,718,980</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>b. Transitional ACA Reinsurance Program</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Amounts recoverable for claims paid</td>
<td>$34,518</td>
<td>$0</td>
<td>$50,126</td>
<td>$0</td>
<td>$(15,609)</td>
<td>$0</td>
<td>$15,609</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2. Amounts recoverable for claims unpaid (contra liability)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>3. Amounts receivable relating to uninsured plans</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>4. Liability for contributions payable due to ACA Reinsurance not reported as ceded premium</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>5. Ceded reinsurance premiums payable</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>6. Liability for amounts held under uninsured plans</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>c. Temporary ACA Risk Corridors Program</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Accrued retrospective premium</td>
<td>$34,518</td>
<td>$0</td>
<td>$50,126</td>
<td>$0</td>
<td>$(15,609)</td>
<td>$0</td>
<td>$15,609</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2. Reserve for risk or policy experience rating refunds</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>3. Liability for amounts held under uninsured plans</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>d. Total for ACA Risk Sharing Provisions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$34,518</td>
<td>$0</td>
<td>$50,126</td>
<td>$0</td>
<td>$(15,609)</td>
<td>$0</td>
<td>$15,609</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
</tbody>
</table>

Explanations of Adjustments:

A. Adjusted amount based on notice received from United States Department of Health and Human Services.

B. Adjusted amount based on notice received from United States Department of Health and Human Services.

(4) Roll Forward of ACA Risk Corridor Asset and Liability Balances - None

(5) ACA Risk Corridor Receivable - None
25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2017 were $161,727,398. As of December 31, 2018, $120,720,829 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now $807,313 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a $38,852,866 favorable prior-year development since December 31, 2017 to December 31, 2018. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Estimated Pharmacy Rebates as Reported on Financial Statements</th>
<th>Pharmacy Rebates as Billed or Otherwise Confirmed</th>
<th>Actual Rebates Received Within 90 Days of Billing</th>
<th>Actual Rebates Received Within 91 to 180 Days of Billing</th>
<th>Actual Rebates Received More Than 180 Days After Billing</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2018</td>
<td>3,356,268</td>
<td>3,356,268</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/30/2018</td>
<td>3,367,615</td>
<td>3,356,268</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>06/30/2018</td>
<td>3,257,805</td>
<td>3,276,859</td>
<td>2,301,432</td>
<td></td>
<td></td>
</tr>
<tr>
<td>03/31/2018</td>
<td>3,206,333</td>
<td>3,206,333</td>
<td>1,111,906</td>
<td>2,033,195</td>
<td></td>
</tr>
<tr>
<td>12/31/2017</td>
<td>2,591,499</td>
<td>2,820,056</td>
<td>1,741,636</td>
<td>1,022,119</td>
<td></td>
</tr>
<tr>
<td>09/30/2017</td>
<td>2,893,508</td>
<td>2,867,135</td>
<td>2,033,987</td>
<td>827,153</td>
<td>5,994</td>
</tr>
<tr>
<td>06/30/2017</td>
<td>2,434,744</td>
<td>3,026,707</td>
<td>2,997,843</td>
<td></td>
<td>28,864</td>
</tr>
<tr>
<td>03/31/2017</td>
<td>2,110,730</td>
<td>1,404,598</td>
<td>1,404,598</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12/31/2016</td>
<td>848,081</td>
<td>1,207,338</td>
<td>1,207,338</td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/30/2016</td>
<td>1,050,000</td>
<td>1,482,762</td>
<td>1,162,316</td>
<td></td>
<td></td>
</tr>
<tr>
<td>06/30/2016</td>
<td>1,050,000</td>
<td>1,383,794</td>
<td>1,378,371</td>
<td></td>
<td></td>
</tr>
<tr>
<td>03/31/2016</td>
<td>1,050,000</td>
<td>1,144,285</td>
<td>533,785</td>
<td>605,957</td>
<td></td>
</tr>
</tbody>
</table>

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

B. Risk Sharing Receivables - None

29. Participating Policies

None

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves $0
2. Date of the most recent evaluation of this liability 12/31/2018
3. Was anticipated investment income utilized in the calculation? (Yes / No) YES

31. Anticipated Salvage and Subrogation

None
GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
   Yes [ ] No [X]

1.2 If yes, complete Schedule Y, Parts 1, 1A and 2.

1.3 State Regulating?
   Yes [X] No [ ] N/A [ ]

1.4 Is the reporting entity publicly traded or a member of a publicly traded group?
   Yes [ ] No [ ] N/A [ ]

1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
   Yes [ ] No [ ]

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

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.
   12/31/2017

3.2 State as of that date the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.
   12/31/2013

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
   11/21/2014

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

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

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

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

4.12 renewals?
   Yes [ ] No [X]

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

4.22 renewals?
   Yes [ ] No [X]

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

5.2 If yes, complete and file the merger history data file with the NAIC.

5.3 If the response to 5.1 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
   Yes [ ] No [ ]

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
   0.00%

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
   Ernst & Young, LLP, 200 Chanceron Street, Boston, MA 02116

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

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

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

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

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?
   Yes[X] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a please explain:

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
   Jeremy D. Palmer, Principal & Consulting Actuary, Milliman, 111 Monument Circle, Suite 601, Indianapolis, IN 46204

27
12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No[X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value $ ............... 0

12.2 If yes, provide explanation

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

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? Yes [ ] No[X] N/A[X]

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

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

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

14. 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;

e. Accountability for adherence to the code.

14.1 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 Has any provision of the code of ethics been waived for any of the specified officers? Yes [ ] No[X] N/A[X]

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

15. 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.

<table>
<thead>
<tr>
<th>American Bankers Association (ABA)</th>
<th>Routing Number</th>
<th>Issuing or Confirming Bank Name</th>
<th>Circumstances That Can Trigger the Letter of Credit</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

| To directors or other officers | $ ............... 0 |
| To stockholders not officers | $ ............... 0 |
| Trustees, supreme or grand (Fraternal only) | $ ............... 0 |

20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

| To directors or other officers | $ ............... 0 |
| To stockholders not officers | $ ............... 0 |
| 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 [X] No [ ]

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

| To stockholders not officers | $ ............... 0 |
| Borrowed from others | $ ............... 0 |
| Leased from others | $ ............... 0 |
| Other | $ ............... 0 |

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

22.2 If answer is yes:

| Amount paid as losses or risk adjustment | $ ............... 0 |
| Amount paid as expenses | $ ............... 0 |
| Other amounts paid | $ ............... 0 |

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

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

| $ ............... 0 |

INVESTMENT

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

24.02 If no, give full and complete information, relating thereto:

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided) Not Applicable

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ ............... 0

24.06 If answer to 24.06 is no, report amount of collateral for other programs. $ ............... 0

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

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No[X] 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[X] N/A[X]
26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [X] No [ ]
26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [X] No [ ]
26.2 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 [X] No [ ]
27.2 If yes, state the amount thereof at December 31 of the current year: $ 0
28. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year, subject to a custodial agreement with a qualified bank or trust company in accordance with Section I, III – General Examination Considerations. F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]
28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<table>
<thead>
<tr>
<th>Name of Custodian(s)</th>
<th>Custodian's Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comerica Bank</td>
<td>411 West Lafayette, Detroit, MI 48226</td>
</tr>
<tr>
<td>RBS Citizens Bank</td>
<td>One Citizens Plaza, Providence, RI 02903</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Name(s)</th>
<th>Location(s)</th>
<th>Complete Explanation(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comerica Bank</td>
<td>411 West Lafayette, Detroit, MI 48226</td>
<td>Not all provisions related to safeguards and controls were included in Custodial Agreement.</td>
</tr>
<tr>
<td>RBS Citizens Bank</td>
<td>One Citizens Plaza, Providence, RI 02903</td>
<td>Not all provisions related to safeguards and controls were included in Custodial Agreement.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Old Custodian</th>
<th>New Custodian</th>
<th>Date of Change</th>
<th>Reason</th>
</tr>
</thead>
</table>

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: "[ ] have access to the investment accounts", " [ ] handle securities".

<table>
<thead>
<tr>
<th>Name of Firm or Individual</th>
<th>Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Research &amp; Management</td>
<td>U</td>
</tr>
<tr>
<td>RBS Citizens Bank - Private Wealth</td>
<td>U</td>
</tr>
</tbody>
</table>

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.
104863 ................................. Income Research & Management
RBS Citizens Bank - Private Wealth

156,854,796
155,329,390

NO

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

$158,796

36.1 Amount of payments for legal expenses, if any?

$219,900

35.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

$219,900

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

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

a. The security was purchased prior to January 1, 2018.

b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?

Yes [ ] No [X]

33. By self-designation 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:

a. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

b. Issuer or obligor is current on all contracted interest and principal payments.

c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting-entity self-designated 5GI securities?

Yes [X] No [ ]

32. If no, list exceptions:

31. Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [X] No [ ]

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

Comerica

30.3 Totals

156,854,796
155,329,390
(1,525,406)

30.2 Preferred stocks

156,854,796
155,329,390
(1,525,406)

30.1 Bonds

156,854,796
155,329,390
(1,525,406)

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

<table>
<thead>
<tr>
<th>Name of Mutual Fund</th>
<th>Name of Significant Holding Attributable to Date of Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

29.2 If yes, complete the following schedule:

<table>
<thead>
<tr>
<th>CUSIP #</th>
<th>Name of Mutual Fund</th>
<th>Book/Adjusted Carrying Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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]

28. Have all of the required disclosures been made?

Yes [X] No [ ]

27. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

26. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

25. Describe the sources or methods utilized in determining the fair values:

24. By self-designation PLGI securities, the reporting entity is certifying the following elements for each self-designated PLGI security:

a. The security was purchased prior to January 1, 2018.

b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?

Yes [X] No [ ]

23. For each mutual fund listed in Schedule D, complete the following schedule:

<table>
<thead>
<tr>
<th>CUSIP #</th>
<th>Name of Mutual Fund</th>
<th>Book/Adjusted Carrying Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

22. If yes, list exceptions:

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

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

19. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

18. Issuer or obligor is current on all contracted interest and principal payments.

17. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

16. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

15. Describe the sources or methods utilized in determining the fair values:

14. By self-designation 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:

a. The security was purchased prior to January 1, 2018.

b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated 5GI securities?

Yes [X] No [ ]

13. The rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [X] No [ ]

12. If no, list exceptions:

11. Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [X] No [ ]

10. By self-designation PLGI securities, the reporting entity is certifying the following elements for each self-designated PLGI security:

a. The security was purchased prior to January 1, 2018.

b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?

Yes [X] No [ ]

9. Describe the sources or methods utilized in determining the fair values:

8. By self-designation 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:

a. The security was purchased prior to January 1, 2018.

b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated 5GI securities?

Yes [X] No [ ]

7. The rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [X] No [ ]

6. If no, list exceptions:

5. Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [X] No [ ]

4. By self-designation PLGI securities, the reporting entity is certifying the following elements for each self-designated PLGI security:

a. The security was purchased prior to January 1, 2018.

b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?

Yes [X] No [ ]

3. The rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [X] No [ ]

2. If no, list exceptions:

1. Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [X] No [ ]

27.3
37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? $86,400

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Amount Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitol City Group, Ltd.</td>
<td>86,400</td>
</tr>
</tbody>
</table>
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:  

$…………………………0  

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

$…………………………0  

1.31 Reason for excluding:  

_________________________________________________________  

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

$…………………………0  

1.5 Indicate total incurred claims on all Medicare Supplement insurance.  

$…………………………0  

1.6 Individual policies - Most current three years:  

1.61 TOTAL Premium earned  

$…………………………0  

1.62 TOTAL Incurred claims  

$…………………………0  

1.63 Number of covered lives  

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  

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  

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  

2. Health Test  

<table>
<thead>
<tr>
<th>1</th>
<th>Current Year</th>
<th>2</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Premium Numerator</td>
<td>1,373,688,533</td>
<td>1,303,671,765</td>
<td></td>
</tr>
<tr>
<td>2.2 Premium Denominator</td>
<td>1,373,688,533</td>
<td>1,303,671,765</td>
<td></td>
</tr>
<tr>
<td>2.3 Premium Ratio (2.1 / 2.2)</td>
<td>1.000</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>2.4 Reserve Numerator</td>
<td>138,627,391</td>
<td>168,323,936</td>
<td></td>
</tr>
<tr>
<td>2.5 Reserve Denominator</td>
<td>138,627,391</td>
<td>168,323,936</td>
<td></td>
</tr>
<tr>
<td>2.6 Reserve Ratio (2.4 / 2.5)</td>
<td>1.000</td>
<td>1.000</td>
<td></td>
</tr>
</tbody>
</table>

3.1 Has the reporting entity received any endorsement 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 permit?  

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[X] No[ ]  

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  

$…………………………525,000  

5.32 Medical Only  

$…………………………0  

5.33 Medicare Supplement  

$…………………………0  

5.34 Dental & Vision  

$…………………………0  

5.35 Other Limited Benefit Plan  

$…………………………0  

5.36 Other  

$…………………………0  

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

The Company has hold harmless clause with all contracted providers.  

7.7 Does the reporting entity set up its claim liability for provider services on a service date basis?  

Yes[X] No[ ]  

7.8 If no, give details:  

8. Provide the following information regarding participating providers:  

8.1 Number of providers at start of reporting year  

6,799  

8.2 Number of providers at end of reporting year  

6,740  

9.1 Does the reporting entity have business subject to premium rate guarantees?  

Yes[X] No[ ]  

9.2 If yes, direct premium earned:  

9.21 Business with rate guarantees between 15-36 months  

$…………………………0  

9.22 Business with rate guarantees over 36 months  

$…………………………0  

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?  

Yes[X] No[ ]  

10.2 If yes:  

10.21 Maximum amount payable bonuses  

$…………………………1,442,239  

10.22 Amount actually paid for year bonuses  

$…………………………1,335,840  

10.23 Maximum amount payable withholds  

$…………………………0  

10.24 Amount actually paid for year withholds  

$…………………………0  

11.1 Is the reporting entity organized as:  

11.12 A Medical Group/Staff Model  

Yes[X] No[ ]  

11.13 An Individual Practice Association (IPA), or,  

Yes[X] No[ ]  

11.14 A Mixed Model (combination of above)?  

Yes[X] No[ ]  

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.  

$…………………………99,171,312  

11.5 Is this amount included as part of a contingency reserve in stockholder’s equity?  

Yes[X] No[ ]  

11.6 If the amount is calculated, show the calculation:  

200% of Authorized Control Level RBC  

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

<table>
<thead>
<tr>
<th>Name of Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhode Island</td>
</tr>
</tbody>
</table>

13.1 Do you act as a custodian for health savings accounts?  

Yes[X] No[ ]  

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

$…………………………0  

13.3 Do you act as an administrator for health savings accounts?  

Yes[X] No[ ]  

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

$…………………………0  

14.1 Are any of the captive affiliates reported on Schedule 5, Part 3, as authorized reinsurers?  

Yes[X] No[ ]  

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

28
15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)

15.1 Direct Premium Written
15.2 Total incurred claims

15.2 Number of covered lives

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BALANCE SHEET (Pages 2 and 3)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. TOTAL Admitted Assets (Page 2, Line 28)</td>
<td>333,881,490</td>
<td>382,572,757</td>
<td>348,826,417</td>
<td>369,480,153</td>
<td>251,986,846</td>
</tr>
<tr>
<td>2. TOTAL Liabilities (Page 3, Line 24)</td>
<td>232,315,200</td>
<td>282,295,189</td>
<td>246,123,746</td>
<td>283,924,104</td>
<td>193,871,536</td>
</tr>
<tr>
<td>3. Statutory minimum capital and surplus requirement</td>
<td>99,171,312</td>
<td>95,640,338</td>
<td>76,324,796</td>
<td>68,106,626</td>
<td>62,512,730</td>
</tr>
<tr>
<td>4. TOTAL Capital and Surplus (Page 3, Line 33)</td>
<td>101,566,268</td>
<td>100,277,568</td>
<td>102,702,671</td>
<td>85,556,049</td>
<td>58,115,309</td>
</tr>
<tr>
<td><strong>INCOME STATEMENT (Page 4)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. TOTAL Revenues (Line 8)</td>
<td>1,377,747,019</td>
<td>1,365,886,563</td>
<td>1,121,891,188</td>
<td>1,011,374,936</td>
<td>894,421,716</td>
</tr>
<tr>
<td>6. TOTAL Medical and Hospital Expenses (Line 18)</td>
<td>1,239,476,084</td>
<td>1,232,285,769</td>
<td>981,487,659</td>
<td>881,073,729</td>
<td>796,061,342</td>
</tr>
<tr>
<td>7. Claims adjustment expenses (Line 20)</td>
<td>31,441,514</td>
<td>29,889,981</td>
<td>27,159,852</td>
<td>23,395,147</td>
<td>18,464,974</td>
</tr>
<tr>
<td>8. TOTAL Administrative Expenses (Line 21)</td>
<td>103,426,579</td>
<td>103,393,547</td>
<td>93,717,742</td>
<td>78,880,735</td>
<td>59,451,842</td>
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<td>10. Net investment gain (loss) (Line 27)</td>
<td>3,220,105</td>
<td>2,051,872</td>
<td>1,565,533</td>
<td>936,952</td>
<td>719,765</td>
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<td>11. TOTAL Other income (Lines 28 plus 29)</td>
<td>(552,279)</td>
<td>(4,032,989)</td>
<td>(1,356,596)</td>
<td>(386,625)</td>
<td>(31,669)</td>
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<td>12. Net income or (loss) (Line 32)</td>
<td>6,070,668</td>
<td>(1,663,851)</td>
<td>19,732,872</td>
<td>28,575,652</td>
<td>21,131,634</td>
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<td><strong>Cash Flow (Page 6)</strong></td>
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<td>13. Net cash from operations (Line 11)</td>
<td>(89,690,590)</td>
<td>32,228,958</td>
<td>(35,450,603)</td>
<td>114,796,935</td>
<td>111,503,021</td>
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<td><strong>RISK-BASED CAPITAL ANALYSIS</strong></td>
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<td>14. TOTAL Adjusted Capital</td>
<td>101,566,268</td>
<td>100,277,568</td>
<td>102,702,671</td>
<td>85,556,049</td>
<td>58,115,309</td>
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<td>15. Authorized control level risk-based capital</td>
<td>49,568,540</td>
<td>47,820,169</td>
<td>38,162,355</td>
<td>34,053,313</td>
<td>31,256,365</td>
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<td><strong>ENROLLMENT (Exhibit 1)</strong></td>
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<td>16. TOTAL Members at End of Period (Column 5, Line 7)</td>
<td>193,920</td>
<td>199,639</td>
<td>192,678</td>
<td>178,418</td>
<td>147,699</td>
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<td>17. TOTAL Members Months (Column 6, Line 7)</td>
<td>2,440,979</td>
<td>2,407,779</td>
<td>2,231,981</td>
<td>2,068,756</td>
<td>1,662,870</td>
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<td><strong>OPERATING PERCENTAGE (Page 4)</strong></td>
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<td>(all divided by Page 4, sum of Lines 2, 3 and 5 x 100.0)</td>
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<tr>
<td>18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)</td>
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<td>100.0</td>
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<td>19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)</td>
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<td>90.4</td>
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<td>21. Other claims adjustment expenses</td>
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<td>22. TOTAL Underwriting Deductions (Line 23)</td>
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<td>100.1</td>
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<td>97.4</td>
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<td>23. TOTAL Underwriting Gain (Loss) (Line 24)</td>
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<td>0.0</td>
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<td><strong>UNPAID CLAIMS ANALYSIS</strong></td>
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<td>24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)</td>
<td>116,096,898</td>
<td>109,380,174</td>
<td>81,487,345</td>
<td>68,686,073</td>
<td>36,237,795</td>
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<td>25. Estimated liability of unpaid claims—prior year (Line 13, Column 6)</td>
<td>149,249,169</td>
<td>109,932,734</td>
<td>73,051,660</td>
<td>77,302,499</td>
<td>38,479,315</td>
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**INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES**

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

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**DETAILS OF WRITE-INS**

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<tr>
<td>58002.</td>
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<tr>
<td>58003.</td>
<td></td>
<td>X X X</td>
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<tr>
<td>58998.</td>
<td>Summary of remaining write-ins for Line 58 from overflow page</td>
<td>X X X</td>
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<tr>
<td>58999.</td>
<td>TOTALS (Line 58001 through 58003 plus 58998) (Line 58 above)</td>
<td>X X X</td>
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**Explanation of Basis of Allocation by State, Premiums by State, etc.:** Premiums were allocated by residency of member.
39 Schedule T - Part 2 - Interstate Compact - Exhibit of Premiums Written ...... NONE

40 Schedule Y - Part 1 ................................................................. NONE

41 Schedule Y - Part 1A ............................................................... NONE

42 Schedule Y - Part 2 ............................................................... NONE
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