



ANNUAL STATEMENT

For the Year Ending DECEMBER 31, 2015

OF THE CONDITION AND AFFAIRS OF THE

QualChoice Life and Health Insurance Company, Inc.

NAIC Group Code 4807 , 4807 NAIC Company Code 70998 Employer's ID Number 71-0386640
(Current Period) (Prior Period)

Organized under the Laws of Arkansas , State of Domicile or Port of Entry Arkansas

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[
 Other[Is HMO Federally Qualified? Yes[No[] N/A[]

Incorporated/Organized 10/17/1992 Commenced Business 04/25/1965

Statutory Home Office 12615 Chenal Parkway, Suite 300 , Little Rock, AR, 72211
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 12615 Chenal Parkway, Suite 300
(Street and Number)
Little Rock, AR, 72211
(City or Town, State, Country and Zip Code)

Mail Address 12615 Chenal Parkway, Suite 300 , Little Rock, AR, 72211
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 12615 Chenal Parkway, Suite 300
(Street and Number)

Little Rock, AR, 72211 (501)228-7111
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.qualchoice.com

Statutory Statement Contact Randall Crow (501)219-5109
(Name) (Area Code)(Telephone Number)(Extension)
randall.crow@qualchoice.com (501)228-0135
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title
Michael Edward Stock	President
Randall Alvin Crow	Treasurer
Charles Hanson	Secretary

OTHERS

Joni Self Daniels, Vice President - Operations
 Betty Jo Tatum-Himes, Vice President - Sales & Marketing
 Stephen Sorsby M.D., Vice President - Medical Affairs
 Jon Foose, Vice President - Underwriting

DIRECTORS OR TRUSTEES

Mark Fred Bjornson	Christine William Mulheren
Steven Charles Schramm	Philip Linwood Foster
Charles Hanson	

State of Arkansas
 County of Pulaski ss

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

(Signature)
 Michael Edward Stock
(Printed Name)
 1.
 President
(Title)

(Signature)
 Randall Alvin Crow
(Printed Name)
 2.
 Treasurer
(Title)

(Signature)
 Charles Hanson
(Printed Name)
 3.
 Secretary
(Title)

Subscribed and sworn to before me this _____ day of _____, 2016

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

(Notary Public Signature)

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)	21,515,400		21,515,400	100,912
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....14,513,047, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....0, Schedule DA)	14,513,047		14,513,047	7,276,537
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	36,028,447		36,028,447	7,377,449
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	42,996		42,996	84
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	27,273	1,321	25,952	13,504
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	6,817,472		6,817,472	
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				61,458
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	257,119		257,119	
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$.....0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	40,744		40,744	26,602
24. Health care (\$.....77,554) and other amounts receivable	149,055	71,501	77,554	5,383
25. Aggregate write-ins for other than invested assets	1,515,817	75,000	1,440,817	
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	44,878,923	147,822	44,731,101	7,484,480
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	44,878,923	147,822	44,731,101	7,484,480
DETAILS OF WRITE-INS				
1101. Rounding				
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. Insurance Charter	75,000	75,000		
2502. Cost Sharing Reduction Rec	1,440,817		1,440,817	
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,515,817	75,000	1,440,817	

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	17,246,065	791,680	18,037,745	971,201
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	412,332		412,332	33,859
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	639,588		639,588	
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	691,909		691,909	38,320
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	65,435		65,435	67,749
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	11,843		11,843	17,651
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)	3,524,499		3,524,499	73,306
24. TOTAL Liabilities (Lines 1 to 23)	22,591,671	791,680	23,383,351	1,202,086
25. Aggregate write-ins for special surplus funds	X X X	X X X	1,034,530	106,509
26. Common capital stock	X X X	X X X	1,013,750	103,750
27. Preferred capital stock	X X X	X X X	1,500,000	1,500,000
28. Gross paid in and contributed surplus	X X X	X X X	20,537,206	1,447,206
29. Surplus notes	X X X	X X X	5,000,000	5,000,000
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	(7,737,736)	(1,875,071)
32. Less treasury stock, at cost:				
32.10 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.20 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	21,347,750	6,282,394
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	44,731,101	7,484,480
DETAILS OF WRITE-INS				
2301. ACA Risk Sharing	3,524,500		3,524,500	73,306
2302. 0				
2303. Rounding	(1)		(1)	
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	3,524,499		3,524,499	73,306
2501. ACA Section 9010 Assessment	X X X	X X X	1,034,530	106,509
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X	1,034,530	106,509
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	192,264	25,884
2. Net premium income (including \$.....0 non-health premium income)	X X X	61,859,665	6,051,417
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X	20,289	16,018
8. TOTAL Revenues (Lines 2 to 7)	X X X	61,879,954	6,067,435
Hospital and Medical:			
9. Hospital/medical benefits	551,349	48,327,452	5,412,301
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area	85,313	7,477,920	142,195
13. Prescription drugs		8,098,282	812,876
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)	636,662	63,903,654	6,367,372
Less:			
17. Net reinsurance recoveries		6,843,165	640,508
18. TOTAL Hospital and Medical (Lines 16 minus 17)	636,662	57,060,489	5,726,864
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....995,385 cost containment expenses		1,485,602	269,980
21. General administrative expenses		8,029,818	986,373
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)		500,000	
23. TOTAL Underwriting Deductions (Lines 18 through 22)	636,662	67,075,909	6,983,217
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(5,195,955)	(915,782)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		62,412	4,568
26. Net realized capital gains (losses) less capital gains tax of \$.....0			
27. Net investment gains (losses) (Lines 25 plus 26)		62,412	4,568
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(5,133,543)	(911,214)
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	(5,133,543)	(911,214)
DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701. Commission on Life Product	X X X	20,289	16,018
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X	20,289	16,018
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. Rounding			
2902. 0			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	6,282,394	1,703,893
34.	Net income or (loss) from Line 32	(5,133,543)	(911,214)
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	26,343	228,681
39.	Change in nonadmitted assets	172,557	(313,966)
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		5,000,000
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in	910,000	
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in	19,090,000	575,000
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus	(1)	
48.	Net change in capital and surplus (Lines 34 to 47)	15,065,356	4,578,501
49.	Capital and surplus end of reporting year (Line 33 plus 48)	21,347,750	6,282,394
DETAILS OF WRITE-INS			
4701.	Rounding	(1)	
4702.		
4703.		
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	(1)	

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	62,483,170	6,069,568
2. Net investment income	53,142	4,429
3. Miscellaneous income	(108,780)	7,317
4. TOTAL (Lines 1 through 3)	62,427,532	6,081,314
5. Benefit and loss related payments	47,311,417	5,326,247
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	8,421,900	1,365,648
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)	55,733,317	6,691,895
11. Net cash from operations (Line 4 minus Line 10)	6,694,215	(610,581)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	5,096,000	
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 TOTAL Investment proceeds (Lines 12.1 to 12.7)	5,096,000	
13. Cost of investments acquired (long-term only):		
13.1 Bonds	26,544,130	
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 TOTAL Investments acquired (Lines 13.1 to 13.6)	26,544,130	
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)	(21,448,130)	
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		5,000,000
16.2 Capital and paid in surplus, less treasury stock	20,000,000	575,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	1,990,425	37,915
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	21,990,425	5,612,915
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)	7,236,510	5,002,334
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	7,276,537	2,274,203
19.2 End of year (Line 18 plus Line 19.1)	14,513,047	7,276,537

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

20.0001			
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	61,859,665	59,663,046	2,066,407							130,212
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues	20,289	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	20,289
7. TOTAL Revenues (Lines 1 to 6)	61,879,954	59,663,046	2,066,407							150,501
8. Hospital/medical benefits	48,327,452	46,359,397	1,968,055							X X X
9. Other professional services										X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	7,477,920	7,428,403	49,517							X X X
12. Prescription drugs	8,098,282	8,098,282								X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments and bonus amounts										X X X
15. Subtotal (Lines 8 to 14)	63,903,654	61,886,082	2,017,572							X X X
16. Net reinsurance recoveries	6,843,165	6,843,165								X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16)	57,060,489	55,042,917	2,017,572							X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$.....995,385 cost containment expenses	1,485,602	1,373,836	111,766							
20. General administrative expenses	8,029,818	7,425,710	604,108							
21. Increase in reserves for accident and health contracts	500,000	500,000								X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. TOTAL Underwriting Deductions (Lines 17 to 22)	67,075,909	64,342,463	2,733,446							
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(5,195,955)	(4,679,417)	(667,039)							150,501
DETAILS OF WRITE-INS										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page										X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										X X X
0601. Commissions on Life Product	20,289	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	20,289
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	20,289	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	20,289
1301.										X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

		1	2	3	4
	Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical)	62,233,005		2,567,350	59,665,655
2.	Medicare Supplement	2,066,407			2,066,407
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid				
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	64,299,412		2,567,350	61,732,062
10.	Life	754,641		627,038	127,603
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	65,054,053		3,194,388	61,859,665

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	46,966,179	45,256,959	1,709,220							
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	50,702	50,702								
1.4 Net	46,915,477	45,206,257	1,709,220							
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	18,037,745	17,591,895	445,850							
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	18,037,745	17,591,895	445,850							
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)	129,069	129,069								
7. Amounts recoverable from reinsurers December 31, current year	881,928	881,928								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	971,201	833,703	137,498							
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	971,201	833,703	137,498							
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	63,903,654	61,886,082	2,017,572							
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	932,630	932,630								
12.4 Net	62,971,024	60,953,452	2,017,572							
13. Incurred medical incentive pools and bonuses										

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	4,441,011	4,320,961	120,050							
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	4,441,011	4,320,961	120,050							
2. Incurred but Unreported:										
2.1 Direct	13,596,734	13,270,934	325,800							
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	13,596,734	13,270,934	325,800							
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	18,037,745	17,591,895	445,850							
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	18,037,745	17,591,895	445,850							

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical)	317,737	38,237,189	179	17,591,716	317,916	833,703
2.	Medicare Supplement	110,831	1,598,389	5	445,845	110,836	137,498
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid						
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	428,568	39,835,578	184	18,037,561	428,752	971,201
10.	Healthcare receivables (a)	58,807	82,325		149,055	58,807	19,986
11.	Other non-health						
12.	Medical incentive pool and bonus amounts						
13.	TOTALS (Lines 9 - 10 + 11 + 12)	369,761	39,753,253	184	17,888,506	369,945	951,215

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

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011	3,140	3,439	3,439	3,439	3,439
3. 2012	X X X	5,418	5,523	5,523	5,523
4. 2013	X X X	X X X	4,948	5,438	5,438
5. 2014	X X X	X X X	X X X	4,845	5,214
6. 2015	X X X	X X X	X X X	X X X	39,753

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011	3,140	3,439	3,439	3,439	3,439
3. 2012	X X X	5,418	5,523	5,523	5,523
4. 2013	X X X	X X X	4,938	5,437	5,438
5. 2014	X X X	X X X	X X X	4,845	5,214
6. 2015	X X X	X X X	X X X	X X X	57,791

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2011	4,784	3,439	16	0.473	3,455	72.225			3,455	72.225
2. 2012	5,985	5,523	140	2.543	5,663	94.627			5,663	94.627
3. 2013	6,150	5,438	211	3.872	5,649	91.846			5,649	91.846
4. 2014	6,512	5,214	328	6.285	5,542	85.100			5,542	85.100
5. 2015	64,299	39,753	992	2.496	40,745	63.368	18,038	412	59,195	92.062

12 Total

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

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011	3,140	3,439	3,439	3,439	3,439
3. 2012	X X X	5,404	5,509	5,509	5,509
4. 2013	X X X	X X X	4,891	5,381	5,381
5. 2014	X X X	X X X	X X X	4,556	4,925
6. 2015	X X X	X X X	X X X	X X X	38,044

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011	3,140	3,439	3,439	3,439	3,439
3. 2012	X X X	5,404	5,509	5,509	5,509
4. 2013	X X X	X X X	4,881	5,380	5,381
5. 2014	X X X	X X X	X X X	4,556	4,925
6. 2015	X X X	X X X	X X X	X X X	56,082

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2011	4,784	3,439	16	0.473	3,455	72.225			3,455	72.225
2. 2012	5,919	5,509	140	2.549	5,649	95.446			5,649	95.446
3. 2013	5,967	5,381	211	3.913	5,592	93.708			5,592	93.708
4. 2014	6,014	4,925	328	6.654	5,253	87.341			5,253	87.341
5. 2015	62,233	38,044	992	2.608	39,036	62.726	18,038	412	57,486	92.372

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

Medicare Supplement
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011					
3. 2012	X X X	14	14	14	14
4. 2013	X X X	X X X	57	57	57
5. 2014	X X X	X X X	X X X	289	289
6. 2015	X X X	X X X	X X X	X X X	1,709

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011					
3. 2012	X X X	14	14	14	14
4. 2013	X X X	X X X	57	57	57
5. 2014	X X X	X X X	X X X	289	289
6. 2015	X X X	X X X	X X X	X X X	1,709

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2011										
2. 2012	66	14			14	21.212			14	21.212
3. 2013	183	57			57	31.148			57	31.148
4. 2014	498	289			289	58.032			289	58.032
5. 2015	2,066	1,709			1,709	82.720			1,709	82.720

12 Medicare Supplement

- 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
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)	500,000	500,000							
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income)									
5. Aggregate write-ins for other policy reserves	139,588	139,588							
6. TOTALS (Gross)	639,588	639,588							
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	639,588	639,588							
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. TOTALS (Gross)									
13. Reinsurance ceded									
14. TOTALS (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501. Rebate	139,588	139,588							
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)	139,588	139,588							
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)									

(a) Includes \$.....500,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	5,442	159	183,713		189,314
2. Salaries, wages and other benefits	731,627	59,161	2,790,039		3,580,827
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)			496,586		496,586
4. Legal fees and expenses					
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	19,140		27,774		46,914
7. Traveling expenses	15,447	538	48,485		64,470
8. Marketing and advertising	329	204	202,009		202,542
9. Postage, express and telephone	15,522	14,507	279,842		309,871
10. Printing and office supplies	41,244	14,596	247,851		303,691
11. Occupancy, depreciation and amortization					
12. Equipment					
13. Cost or depreciation of EDP equipment and software			1,457,056		1,457,056
14. Outsourced services including EDP, claims, and other services	110,222	17,797	479,951		607,970
15. Boards, bureaus and association fees					
16. Insurance, except on real estate			24,350		24,350
17. Collection and bank service charges					
18. Group service and administration fees					
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			1,411,247		1,411,247
23.3 Regulatory authority licenses and fees			1,429		1,429
23.4 Payroll taxes	49,103	4,070	166,901		220,074
23.5 Other (excluding federal income and real estate taxes)			25,424		25,424
24. Investment expenses not included elsewhere				1,992	1,992
25. Aggregate write-ins for expenses	7,309	379,185	187,161		573,655
26. TOTAL Expenses Incurred (Lines 1 to 25)	995,385	490,217	8,029,818	1,992	(a) 9,517,412
27. Less expenses unpaid December 31, current year		412,332	691,909		1,104,241
28. Add expenses unpaid December 31, prior year		33,859	38,320		72,179
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	995,385	111,744	7,376,229	1,992	8,485,350
DETAILS OF WRITE-INS					
2501. Other Employee Expenses	7,236	167	72,900		80,303
2502. Donations	7		10,348		10,355
2503. Storage Fees	66	545	6,512		7,123
2598. Summary of remaining write-ins for Line 25 from overflow page		378,473	97,401		475,874
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	7,309	379,185	187,161		573,655

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 21,497	64,404
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e)	
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. TOTAL Gross investment income	21,497	64,404
11. Investment expenses		(g) 1,992
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. TOTAL Deductions (Lines 11 through 15)		1,992
17. Net Investment income (Line 10 minus Line 16)		62,412

DETAILS OF WRITE-INS

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

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

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

NONE

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Invested income due and accrued			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,321		(1,321)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset		230,776	230,776
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	71,501	14,603	(56,898)
25. Aggregate write-ins for other than invested assets	75,000	75,000	
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	147,822	320,379	172,557
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. TOTAL (Lines 26 and 27)	147,822	320,379	172,557
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. Insurance Charter	75,000	75,000	
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	75,000	75,000	

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations	1,842	1,730	1,998	2,712	3,090	26,959
4. Point of Service		5,855	12,405	17,933	18,335	149,469
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	491	1,012	1,241	1,526	1,743	15,836
7. TOTAL	2,333	8,597	15,644	22,171	23,168	192,264
DETAILS OF WRITE-INS						
0601. Medicare Supplement	491	1,012	1,241	1,526	1,743	15,836
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	491	1,012	1,241	1,526	1,743	15,836

Notes to Financial Statements

QUALCHOICE LIFE AND HEALTH INSURANCE COMPANY, INC.

Notes to Financial Statements - Statutory Basis December 31, 2015 and 2014

(1) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used in the preparation of the accompanying financial statements. Such policies are in conformity with the Annual Statement Instructions and the Accounting Practices and Procedures Manual of the National Association of Insurance Commissioners ("NAIC") and the accounting practices as prescribed or permitted by the Arkansas Insurance Department and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents and Short Term Investments: The Company considers all cash accounts and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Investments with a maturity of more than four months but less than one year are considered short term investments and are stated at amortized cost.

Premiums Receivable: The Company uses the allowance method of accounting for uncollectible receivables. Premiums receivable represent medical premium revenue that has been billed and recognized as revenue, but has not been collected.

Investment Securities: Bonds and other debt instruments are classified as held to maturity and are stated at cost adjusted for amortization of premiums and accretion of discounts computed by the interest method.

Medical Claims Payable: Reported claims expected to be paid after the balance sheet date for services provided to members prior to the balance sheet date are recorded as liabilities. Claims for services provided to members during the financial reporting period which are unreported at the balance sheet date are estimated based on the Company's claims experience and recorded as liabilities. The amounts recorded are based upon estimates of the ultimate net cost of such services provided. These reserves are subject to continuous review by management and changes in estimates are reflected in earnings currently.

Income Taxes: Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. The deferred tax assets and liabilities represent the future tax return consequences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Revenue: Medical premium revenue is recognized in the month in which members are entitled to receive health care services. Medical premiums collected in advance are recorded as unearned premium revenue.

Cost of Benefits Provided: Cost of benefits provided includes the costs of all medical services delivered to enrolled members of the Company and for whom the Company has recorded medical premium revenue during the reporting period. These costs include payments for specific medical services paid to physicians, hospitals, and other health care providers on a fee-for-service basis. Costs of benefits include claims paid, claims in process and pending, estimates of unreported claims and charges, and processing costs of those estimates at the end of the fiscal year for which the Company will be responsible. There are certain provider contracts within the network that contain various risk sharing arrangements, in which the unallocated withhold amounts for members who have not designated a primary care physician are returned to the Company as part of the settlement and administration of such risk sharing arrangements and accordingly are recorded as a reduction of cost of benefits provided.

Premium Tax: The state in which the Company does business requires the remittance of premium taxes based upon a percentage of billed premiums.

Notes to Financial Statements

Advertising Costs: Advertising and promotions related expenses are charged to operations when incurred.

Non-Admitted Assets: Certain assets designated as "non-admitted" are not included in the financial statements.

Accounting Estimates: The preparation of financial statements in conformity with the accounting practices described above requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Regulatory Filing: The Company is a Life and Health company. Ninety-eight percent of the premium is from health premiums, as reported on page 27 question 2. Therefore the company qualifies as a health company for filing purposes. The Company also received permission from the Arkansas Insurance Department to file using the health blank. One hundred percent of all risk on the life insurance is ceded to Companion Life.

(2) Accounting Changes and Corrections of Errors

None

(3) Business Combinations and Goodwill

None

(4) Discontinued Operations

None

(5) Investments

The carrying value and estimated market value of investments in securities classified as held to maturity as of December 31, 2015 and 2014 are as follows:

		2015			
		Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
	US Government				
	Securities	\$ 21,515,400		\$ 83,973	\$ 21,431,427
		\$ 21,515,400	\$ -	\$ 83,973	\$ 21,431,427
		2014			
		Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
	US Government				
	Securities	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -

Included in the amounts above, the Company holds a U.S. Government debt security that is restricted due to regulatory requirements, which matures in three years and is held to maturity. At December 31, 2015 and 2014, the aggregate fair value was \$1,515,398 and \$100,912, respectively.

Notes to Financial Statements

(6) Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of its admitted assets.

(7) Investment Income

The Company's investment income was earned on cash and cash equivalents, and bonds. No investment income was excluded from surplus for the years ended December 31, 2015 and 2014.

(8) Derivative Instruments

None

(9) Income Taxes

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

(1)	Description	Ordinary	2015 Capital	Total
a	Gross deferred tax assets	1,933,866	-	1,933,866
b	Statutory valuation allowance adjustment	(1,933,866)	-	(1,933,866)
c	Adjusted gross deferred tax assets (1a-1b)	-	-	-
d	Deferred tax assets nonadmitted	-	-	-
e	Net admitted deferred tax asset (1c-1d)	-	-	-
f	Deferred tax liabilities	-	-	-
g	Net deferred tax asset/(liability)	-	-	-

(2) Admission Calculation Components under SSAP No. 101

		Ordinary	2015 Capital	Total
Admission Calculation Components				
a	Federal income taxes paid in prior years recoverable through loss carrybacks	-	-	-
b	Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lessor of 2(b) 1 and 2(b)2 below:	-	-	-
	(1) Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-
	(2) Adjusted gross deferred tax assets allowed per limitation threshold	xxx	xxx	3,189,464
c	Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	-	-
d	Deferred tax assets admitted as the result of application of SSAP 101. Total 2(a) + 2(b) + 2(c)	-	-	-
	Deferred tax Liabilities	-	-	-
	Net Admitted Deferred Tax Asset (Liability)	-	-	-

(3) Threshold used in 11.b.

Other Admissibility Criteria		2015	2014
a	Ratio percentage used to determine recovery period and threshold limitation amount	380.50%	380.50%
b	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b) 2 above.	21,263,095	6,282,394

Notes to Financial Statements

(4) Impact of Tax Planning strategies

	2015		
	Ordinary	Capital	Total
a Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage.			
(1) Adjusted Gross DTAs amount from Note 9A (c).	-	-	-
(2) Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.	0%	0%	0%
(3) Net Admitted Adjusted Gross DTAs amount from Note 9A1 (e).	-	-	-
(4) Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.	0%	0%	0%
b Does the company's tax planning strategies include the use of reinsurance?		Yes []	No [X]

B. There are no deferred tax liabilities for which temporary differences have not been established.

C. Current tax and change in deferred tax:

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

	2015	2014	Change
a Current federal income tax expense	(257,119)	-	(257,119)
b Foreign taxes	-	-	-
c Subtotal	(257,119)	-	(257,119)
d Tax on capital gains/(losses)	-	-	-
e Utilization of capital loss carryforwards	-	-	-
f Other, including prior year underaccrual/(overaccrual)	-	-	-
g Federal and foreign income taxes incurred	<u>(257,119)</u>	-	<u>(257,119)</u>

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

(2) Deferred Tax Assets:	December 31, 2015	December 31, 2014	Change
(a) Ordinary			
(1) Discount on unpaid losses	53,572	3,107	50,465
(2) Unearned premium reserves	-	-	-
(3) Minimum tax credit	28,877	595	28,282
(4) Accrued vacation	6,019	1,569	4,451
(5) Fixed assets	-	-	-
(6) Accrued premium tax	29,735	-	29,735
(7) Other	2,279	4,337	(2,058)
(8) Premium Deficiency Reserve	175,000	-	175,000
(9) Net operating losses	1,586,647	444,672	1,141,974
(10) Nonadmitted assets	51,738	31,361	20,377
Subtotal	<u>1,933,866</u>	<u>485,641</u>	<u>1,448,225</u>
(b) Statutory valuation allowance adjustment	1,933,866	485,641	1,448,225
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets	-	-	-
(e) Capital			
(1) Investments	-	-	-
(2) Capital loss carry-forward	-	-	-

Notes to Financial Statements

	-	-	-
(3) Tax effect of unrealized capital losses	-	-	-
Gross Capital Deferred Tax Assets	-	-	-
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets	-	-	-
(i) Total admitted deferred tax assets	-	-	-
(3) Deferred Tax Liabilities:			
(a) Ordinary			
(1) Fixed Assets	-	-	-
(2) Other (required to disclose items > 5%)	-	-	-
Ordinary Deferred Tax Liabilities	-	-	-
(b) Capital			
(1) Investments	-	-	-
(2) Other (required to disclose items > 5%)	-	-	-
(3) Tax effect of unrealized capital gains	-	-	-
Capital Deferred Tax Liabilities	-	-	-
(c) Total Deferred Tax Liabilities	-	-	-
(4) Net deferred tax assets/liabilities	-	-	-

The change in net deferred income taxes is composed of the following (this analysis is exclusive of nonadmitted DTAs as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	December 31, 2015	December 31, 2014	Change
Total deferred tax assets	-	-	-
Total deferred tax liabilities	-	-	-
Net deferred tax assets/liabilities	-	-	-
Tax effect of unrealized gains/(losses)			-
Change in net deferred income tax [(expense)/benefit]			<u>-</u>

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to pre-tax income. The significant items causing this difference are as follows:

	Amount	Tax Effect	Tax Rate
2015			
Provision computed at statutory rate	(5,218,199)	(1,826,370)	35.0%
Tax exempt interest	-	-	0.0%
Dividends received deduction	-	-	0.0%
Meals & Entertainment	-	-	0.0%
Change in statutory valuation allowance	4,085,263	1,448,225	-27.8%
Change in non-admitted assets	(58,219)	(20,377)	0.4%
Prior year true-up	-	-	0.0%
Other	-	-	0.0%
Waived NOL	306,844	107,395	-2.1%
ACA Fee	97,161	34,006	-0.7%

Notes to Financial Statements

Tax rate increase	-	0.0%
Total statutory income tax	<u>(257,119)</u>	<u>4.9%</u>
Federal income taxes incurred	(257,119)	4.9%
Tax on capital gains/(losses)	-	0.0%
Prior year overaccrual/(underaccrual)	-	0.0%
Change in net deferred income tax [expense/(benefit)]	-	0.0%
Total statutory income tax	<u>(257,119)</u>	<u>4.9%</u>
	<i>Check</i>	-
	2014	Tax Effect Tax Rate
Provision computed at statutory rate	(318,925)	35.0%
Nondeductibles	-	0.0%
Change in nonadmitted assets	(29,117)	3.2%
Prior year true-up	(157,185)	17.3%
ACA Fee	24,192	-2.7%
Tax rate increase	(4,606)	0.5%
Other	-	0.0%
Change in valuation allowance	<u>485,641</u>	<u>-53.3%</u>
Total	<u>-</u>	<u>0.0%</u>
Federal income taxes incurred	-	0.0%
Prior year overaccrual/(underaccrual)	-	0.0%
Change in net deferred income taxes	-	0.0%
Total statutory income taxes	<u>-</u>	<u>0.0%</u>

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>		
The Company had net operating losses of:	4,533,276	1,270,332		
The Company had capital loss carryforwards of:	-	-		
The Company had AMT credit carryforwards of:	28,877	595		
	Year Ending	2015	2014	
			Expires	
	12/31/2006	-	82,190	2025
	12/31/2007	-	63,003	2026
	12/31/2008	-	82,854	2027
	12/31/2009	-	57,957	2028
	12/31/2010	-	-	2029
	12/31/2011	-	-	2030
	12/31/2012	86,180	120,544	2031
	12/31/2013	23,079	23,079	2032
	12/31/2014	105,175	840,705	2033
	6/30/2015	-	-	2034
	12/31/2015	<u>4,318,842</u>	<u>4,318,842</u>	2035

Notes to Financial Statements

4,533,276 5,589,174

As a result of acquisition by Prominence Health on April 30, 2015, certain tax attributes may be limited under the provisions of IRC Section 382.

- (2) The following represents income tax expense for 2015, 2014, and 2012 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2013	-	-	-
2014	-	-	-
2015	-	-	-

- (3) The aggregate amounts of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was zero as of December 31, 2015

F. Consolidated Federal Income Tax Return

- (1) The Company will file a consolidated return with the following entities for the tax year beginning 7/1/2015:

Prominence Health, Inc.	46-1222808
Prominence Health Plan Services, Inc.	46-1224037
Soundpath Health	42-1720801
QCA Health Plan, Inc	71-0794605
Clear River Health	46-4495960
Heartland Plains Health	46-4368223
Riverlink Health	46-4380824
Riverlink Health of Kentucky, Inc.	46-4828332
Stableview Health, Inc.	46-4373713
Harvest Plains Health of Iowa	47-3457150
Qualchoice Advantage, Inc.	47-3433912
Qualchoice Holdings, Inc.	27-4075520

- (2) The method of allocation between the companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis, with the company receiving a current benefit for losses generated to the extent federal taxes are reduced for the consolidated tax group.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

(10) Information Concerning Parent, Subsidiaries and Affiliates

The Company is party to a service agreement with an affiliate whereby the affiliate provides a full range of administrative, managerial and technological services. The Company paid this affiliate \$7,204,937 and \$692,083 during 2015 and 2014, respectively, for these services.

Under the provisions of various provider contracts, the Company paid \$3,831,637 and \$640,043 to hospitals owned by or affiliated with stockholders during 2015 and 2014, respectively.

The company had no administrative fee received from hospitals owned or affiliated with stockholders during 2014 or 2013 that related to the administrative services only (ASO) line of business.

The Company was due \$0 from stockholders as of December 31, 2015 and 2014.

The Company owed \$11,843 and \$17,651 to stockholders as of December 31, 2015 and 2014, respectively.

QualChoice Holdings, Inc. was issued a Certificate of Incorporation as a for-profit corporation August 17, 2010. It was established for the purpose of owning the stock of QCA Health Plan, Inc. and QualChoice Life and Health Insurance Company, Inc. On

Notes to Financial Statements

November 29, 2010, 100% of the stock of both companies was transferred to QualChoice Holdings, Inc. QualChoice Holdings, Inc. now owns 100% of the outstanding stock of QCA Health Plan, Inc.

The Company received a contribution in capital of \$500,000. The contribution was recorded as an accounts receivable and as paid in capital in the 1st quarter. The cash was received in the 2nd quarter and the accounts receivable was removed from the statement. See note 1 for further information.

On April 8, 2014 CollabHealth Plan Services, Inc. submitted a Form A Statement regarding the acquisition of control or merger with QualChoice Holding, Inc. QualChoice Holdings, Inc. is the parent company of QCA Health Plan, Inc. and QualChoice Life and Health Insurance Company, Inc. CollabHealth, a wholly owned subsidiary of Catholic Health Initiatives, closed on a series of stock-purchase agreements to acquire QualChoice Holdings, Inc. On May 1, 2014 the transaction was approved. CollabHealth contributed new capital of \$500,000 to QualChoice Life and Health Insurance Company, Inc. Treatment of the capital contribution is discussed in Note 1. In the 2nd quarter CollabHealth Health, Inc. was renamed Prominence Health, Inc. and CollabHealth Plan Services Plan Services, Inc. was renamed Prominence Health Plan Services, Inc. The new names are reflected in Schedule Y. Upon completion of the stock-purchase agreements QCA Health Plan, Inc. became part of a Holding Company. This is reflected on Schedule Y.

On July 1, 2015, QualChoice Holdings infused an additional \$20,000,000 into the Company, \$910,000 for the purchase of 9,100 shares of authorized \$100 par value common stock and the balance as additional paid in and contributed surplus.

(11) Debt

The Company had the following surplus notes payable at December 31:

	<u>2015</u>	<u>2014</u>
Surplus note payable to Prominence Health Plan Services, Inc		
With interest at 6% beginning in December 2014	5,000,000	5,000,000

(12) Retirement Plans, Deferred Compensation and Other Postretirement Benefit Plans

The Company has an employee 401(k) plan covering all full-time employees of the Company who have completed three months of employment and choose to participate. The Company contributes an amount equal to the portion of the employee's contribution which does not exceed 3% of the employee's salary. Contributions to the plan during 2015 totaled \$14,456.

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

The Company has 10,000 shares of \$100 per share par value common stock authorized and 20,000 shares of \$1 per share par value common stock authorized, of which only 6,250 shares of \$1 par value common stock were outstanding as of December 31, 2015. The Company also has 1,500 shares of \$1,000 per share par value preferred stock authorized and none outstanding at December 31, 2015 and 2014.

The maximum amount of dividends, which may be paid by Arkansas insurance companies without prior approval of the Insurance Commissioner, is subject to restrictions relating to capital and surplus. Within these limitations, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to shareholders. Dividends are

Notes to Financial Statements

declared by the Board of Directors and are not cumulative. The Company does not intend to pay dividends on its common or preferred stock in the foreseeable future.

The Company issued the following surplus notes:

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Par Value Face Amount of Notes</u>	<u>Carrying Value of Note</u>	<u>Interest and/or Principal Paid Current Year</u>	<u>Total Interest and/or Principal Paid</u>	<u>Unapproved Interest and/or Principal</u>	<u>Maturity Date</u>
12/2/2014	6%	\$ 5,000,000	\$ 5,000,000	-	-	-	N/A

The surplus note, in the amount of \$5,000,000, in the above table, was issued to Prominence Health Plan Services in exchange for cash and . The note has no specific liquidation preference, subordination or repayment conditions, or restrictions aside from each interest payment needing the prior approval of the Insurance Commissioner and only to the extent the Company has sufficient surplus earnings to make such payment.

(14) Contingencies

The Company is a defendant in general litigation as of December 31, 2015, in the ordinary course of business. The Company's management believes, however, that any liability it may incur as a result of this litigation would not have a material or adverse effect on the financial statements and, accordingly, no contingencies have been recorded.

The Company is subject to various regulatory requirements, including maintenance of minimum capital and surplus. At December 31, 2015, the Company is in compliance with requirements established by the Arkansas Insurance Department. The Company is required to maintain restricted investments in the minimum maturity amount of \$100,000. The Company also carries an additional \$1,500,000 special voluntary deposit as a restricted investment.

(15) 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

None

(18) Gain or Loss To The Reporting Entity From Uninsured Plans and the Uninsured Portion of Partially Insured Plans

None

(19) Direct Premium Written/Produced By Managing General Agents/Third Party Administrators

None

(20) Fair Value Measurements

None

(21) Other Items

Notes to Financial Statements

None

(22) Events Subsequent

Subsequent events have been considered through February 29, 2016, the date which the financial statements were to be filed.

On January 1, 2016, the Company will, once again, be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2016. As of December 31, 2015, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2016 to be \$1,034,530.00. This assessment is expected to impact risk based capital by 4%.

(23) Reinsurance

The Company is covered under a medical reinsurance agreement effective October 1, 2014 through December 31, 2015, that provides annual coverage for eligible in-area and out of area hospital services of 90% in excess of \$200,000 per member for group coverage and \$275,000 for individual coverage. The policy covers all medical and pharmaceutical services including inpatient and outpatient hospital, sub-acute facility services, skilled nursing facility and rehabilitation facility services, hospice services, home health agency services, outpatient facility services, prescription drugs certain other professional services. The policy does not cover physician services. Certain covered services have per unit or annual coverage limits. For example, coverage for prescription drugs is limited to \$250,000 per contract year. Each insured member's coverage is limited to \$5,000,000 in the contract year for Medicare Supplement coverage and \$10,000,000 for all others.

The reinsurance agreement contains a provision through which the Company may receive an experience refund equal to 40% of a realized gain in a contract year. A realized gain is defined as the amount by which the actual claims against the policy filed by the Company are less than 68% of total policy premiums for the contract year. The policy must be renewed in a subsequent contract year for the Company to receive a prior year's experience refund. At December 31, 2015 the Company had a receivable for experience refund of \$248,947 that related to the contract year that began October 1, 2014. The receivable at year end 2015 was \$632,981.

The Company has no return commission, which would have been due if the Company had cancelled the reinsurance. The Company has no retroactive reinsurance agreements. The reinsurance does not have retroactive termination arrangement clause.

(24) Retrospectively Rated Contracts & Contracts Subject To Redetermination

J. Risk Sharing Provisions of the Affordable Care Act

1. Permanent Risk Adjustment Program

Assets	Amount
a. Premium Adjustment Receivable	\$0
Liabilities	
b. Risk Adjustment User Fees Payable	\$0
c. Premium Adjustments Payable	\$3,524,499

Notes to Financial Statements

Operations (Revenue & Expense)

d. Premium for Accident and Health Contracts \$3,613,773

2. Transitional Reinsurance Program

Assets

a. Amounts recoverable for claims paid \$5,935,544

b. Amounts recoverable for claims unpaid \$0

c. Amounts receivable relating to uninsured plans \$0

Liabilities

d. Claims unpaid-ceded \$0

e. Contributions payable-not reported as ceded \$0

f. Ceded reinsurance premiums payable \$0

g. Liability for amounts held under uninsured plans \$0

Operations (Revenue & Expense)

h. Ceded reinsurance premiums \$0

i. Reinsurance recoveries \$5,910,535

j. Contributions-not reported as ceded premiums \$579,258

3. Temporary Risk Corridors Program

Assets

a. Accrued retrospective premium \$0

Liabilities

b. Reserve for rate credits/policy exp rating refunds \$0

Operations (Revenue & Expense)

c. Net premium income (paid/received) \$0

d. Change in reserves for rate credits \$0

4. Have there been any material re-estimations and/or impairments for the reporting period? NO

(25) Change In Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2014 were \$504,423. As of December 31, 2015, \$428,568 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years.

(26) Intercompany Pooling Arrangements

None

(27) Structured Settlements

Notes to Financial Statements

None

(28) Health Care Receivables

The Company experienced the following activity associated with the pharmaceutical rebate receivables by quarter for the year ended December 31, 2015:

For 2015 Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Confirmed	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2015	149,055				
9/30/2015	29,519	0	0		
6/30/2015	9,469	9,380	9,380		
3/31/2015	10,799	8,841	0	8,841	
12/31/2014	19,986	26,161	17,320	8,841	
9/30/2014	11,956	17,320		17,320	
6/30/2014	0	19,763	10,576		9,187
3/31/2014	0	21,009	10,434	10,576	
12/31/2013	11,285	12,035	12,035		
9/30/2013	9,234	20,863	8,828	12,035	
6/30/2013	4,933	16,075	7,247	8,828	
3/31/2013	7,109	15,320	8,074	7,247	

(29) Participating Policies

None

(30) Premium Deficiency Reserves

At December 31, 2015, the Company had a premium deficiency reserve of \$500,000. This balance was evaluated on February 29, 2016 and anticipated investment income was utilized in the calculation.

(31) Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
- 1.3 State Regulating? Arkansas
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2014
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2014
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). _____
- 3.4 By what department or departments? _____
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[] No[] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

1 Nationality	2 Type of Entity

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP 370 17th Street, Suite 3300 Denver, Colorado 80202
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption: _____
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption: _____
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[] N/A[]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain: _____
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Mark Peterson Catholic Health Initiatives 10050 Crosstown Circle, Suite 250 Eden Prairie, MN 55344
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

- 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 [] 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 [] N/A [X]
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [] N/A [X]
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code. Yes[X] No []
 14.11 If the response to 14.1 is no, please explain:
 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 20.11 To directors or other officers \$ 0
 20.12 To stockholders not officers \$ 0
 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 20.21 To directors or other officers \$ 0
 20.22 To stockholders not officers \$ 0
 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
 21.2 If yes, state the amount thereof at December 31 of the current year:
 21.21 Rented from others \$ 0
 21.22 Borrowed from others \$ 0
 21.23 Leased from others \$ 0
 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
 22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment \$ 0
 22.22 Amount paid as expenses \$ 0
 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[X] No []
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 40,744

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [] No [X]
 24.02 If no, give full and complete information, relating thereto
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0
 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ 0
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

GENERAL INTERROGATORIES (Continued)

- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ 0
 - 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ 0
 - 24.103 Total payable for securities lending reported on the liability page. \$ 0
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [] No [X]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ 0
 - 25.22 Subject to reverse repurchase agreements \$ 0
 - 25.23 Subject to dollar repurchase agreements \$ 0
 - 25.24 Subject to reverse dollar repurchase agreements \$ 0
 - 25.25 Placed under option agreements \$ 0
 - 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock \$ 0
 - 25.27 FHLB Capital Stock \$ 0
 - 25.28 On deposit with states \$ 0
 - 25.29 On deposit with other regulatory bodies \$ 0
 - 25.30 Pledged as collateral - excluding collateral pledged to an FHLB \$ 0
 - 25.31 Pledged as collateral to FHLB - including assets backing funding agreements \$ 0
 - 25.32 Other \$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

1 Name of Custodian(s)	2 Custodian's Address
Arvest Asset Management	200 Commerce Dr. Ste. 100, Little Rock, AR
BNY Mellon	200 Park Avenue, New York, NY

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

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

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

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

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
	Dennis Whitaker	200 Commerce Dr. Ste. 100, Little Rock, AR

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes [] No [X]
- 29.2 If yes, complete the following schedule:

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

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

GENERAL INTERROGATORIES (Continued)

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	21,515,400	21,431,427	(83,973)
30.2 Preferred stocks			
30.3 Totals	21,515,400	21,431,427	(83,973)

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

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[] No[X] N/A[]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes[X] No[]
- 32.2 If no, list exceptions:

OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 0
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

- 34.1 Amount of payments for legal expenses, if any? \$..... 0
- 34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 0
- 35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

- | | | |
|---|----|--------------|
| 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? | | Yes[X] No[] |
| 1.2 If yes, indicate premium earned on U.S. business only: | \$ | 2,069,749 |
| 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. | \$ | 2,017,572 |
| 1.6 Individual policies - Most current three years: | | |
| 1.61 TOTAL Premium earned | \$ | 2,069,749 |
| 1.62 TOTAL Incurred claims | \$ | 2,017,572 |
| 1.63 Number of covered lives | | 1,743 |
| All years prior to most current three years: | | |
| 1.64 TOTAL Premium earned | \$ | 0 |
| 1.65 TOTAL Incurred claims | \$ | 0 |
| 1.66 Number of covered lives | | 0 |
| 1.7 Group policies - Most current three years: | | |
| 1.71 TOTAL Premium earned | \$ | 0 |
| 1.72 TOTAL Incurred claims | \$ | 0 |
| 1.73 Number of covered lives | | 0 |
| All years prior to most current three years: | | |
| 1.74 TOTAL Premium earned | \$ | 0 |
| 1.75 TOTAL Incurred claims | \$ | 0 |
| 1.76 Number of covered lives | | 0 |

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	61,859,665	5,920,480
2.2 Premium Denominator	61,859,665	6,051,417
2.3 Premium Ratio (2.1 / 2.2)	1.000	0.978
2.4 Reserve Numerator	18,677,333	971,201
2.5 Reserve Denominator	18,677,333	971,201
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000

- | | | |
|---|--------|---------------------|
| 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? | | Yes[] No[X] |
| 3.2 If yes, give particulars: | | |
| 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? | | Yes[X] No[] |
| 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? | | Yes[] No[] N/A[X] |
| 5.1 Does the reporting entity have stop-loss reinsurance? | | Yes[X] No[] |
| 5.2 If no, explain: | | |
| 5.3 Maximum retained risk (see instructions): | | |
| 5.31 Comprehensive Medical | \$ | 1,247,500 |
| 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: | | |
| 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? | | Yes[X] No[] |
| 7.2 If no, give details: | | |
| 8. Provide the following information regarding participating providers: | | |
| 8.1 Number of providers at start of reporting year | 14,344 | |
| 8.2 Number of providers at end of reporting year | 16,399 | |
| 9.1 Does the reporting entity have business subject to premium rate guarantees? | | Yes[] No[X] |
| 9.2 If yes, direct premium earned: | | |
| 9.21 Business with rate guarantees between 15-36 months | 0 | |
| 9.22 Business with rate guarantees over 36 months | 0 | |
| 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? | | Yes[] No[X] |
| 10.2 If yes: | | |
| 10.21 Maximum amount payable bonuses | \$ | 0 |
| 10.22 Amount actually paid for year bonuses | \$ | 0 |
| 10.23 Maximum amount payable withholds | \$ | 0 |
| 10.24 Amount actually paid for year withholds | \$ | 0 |
| 11.1 Is the reporting entity organized as: | | |
| 11.12 A Medical Group/Staff Model, | | Yes[] No[X] |
| 11.13 An Individual Practice Association (IPA), or, | | Yes[] No[X] |
| 11.14 A Mixed Model (combination of above)? | | Yes[] No[X] |
| 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? | | Yes[X] No[] |
| 11.3 If yes, show the name of the state requiring such minimum capital and surplus. | | |
| Arkansas | | |
| 11.4 If yes, show the amount required. | \$ | 2,871,348 |
| 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? | | Yes[] No[X] |
| 11.6 If the amount is calculated, show the calculation. | | |
| Net worth requirement is based on RBC calculation included in report | | |
| 12. List service areas in which the reporting entity is licensed to operate: | | |

1 Name of Service Area
entire state of Arkansas, 75 counties
entire state of Nebraska

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

GENERAL INTERROGATORIES (Continued)

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

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

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

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

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

FIVE-YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	44,731,101	7,484,480	2,406,132	2,485,786	2,687,008
2. TOTAL Liabilities (Page 3, Line 24)	23,383,351	1,202,086	702,239	775,153	840,800
3. Statutory minimum capital and surplus requirement	2,871,348	769,894	754,248	635,892	722,147
4. TOTAL Capital and Surplus (Page 3, Line 33)	21,347,750	6,282,394	1,703,893	1,710,633	1,846,208
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	61,879,954	6,067,435	6,123,222	5,939,017	4,689,515
6. TOTAL Medical and Hospital Expenses (Line 18)	57,060,489	5,726,864	5,100,797	5,531,722	3,836,145
7. Claims adjustment expenses (Line 20)	1,485,602	269,980	206,113	55,710	82,059
8. TOTAL Administrative Expenses (Line 21)	8,029,818	986,373	882,813	432,153	588,715
9. Net underwriting gain (loss) (Line 24)	(5,195,955)	(915,782)	(16,440)	(130,629)	182,596
10. Net investment gain (loss) (Line 27)	62,412	4,568	3,464	2,153	3,851
11. TOTAL Other Income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	(5,133,543)	(911,214)	(12,976)	(128,476)	171,797
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	6,694,215	(610,581)	812	(261,369)	926,650
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	21,347,750	6,282,394	1,703,892	1,710,633	1,846,208
15. Authorized control level risk-based capital	2,871,348	769,894	754,248	635,892	722,147
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	23,168	2,333	2,037	1,990	2,106
17. TOTAL Members Months (Column 6, Line 7)	192,264	25,884	22,838	22,353	17,546
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	92.2	94.6	83.5	93.4	82.0
20. Cost containment expenses	1.6	3.1	2.4	0.2	0.9
21. Other claims adjustment expenses	0.8	1.4	1.0	0.8	0.9
22. TOTAL Underwriting Deductions (Line 23)	108.4	115.4	100.5	102.5	96.4
23. TOTAL Underwriting Gain (Loss) (Line 24)	(8.4)	(15.1)	(0.3)	(2.2)	3.9
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	369,945	491,092	107,368	303,962	
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	951,215	559,299	511,199	695,737	
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					
33. TOTAL Investment in Parent Included in Lines 26 to 31 above					

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

If no, please explain::

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

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	L	64,299,412				754,641	65,054,053		
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X	64,299,412				754,641	65,054,053		
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) ... 1	64,299,412				754,641	65,054,053		
DETAILS OF WRITE-INS									
58001	X X X								
58002	X X X								
58003	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

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

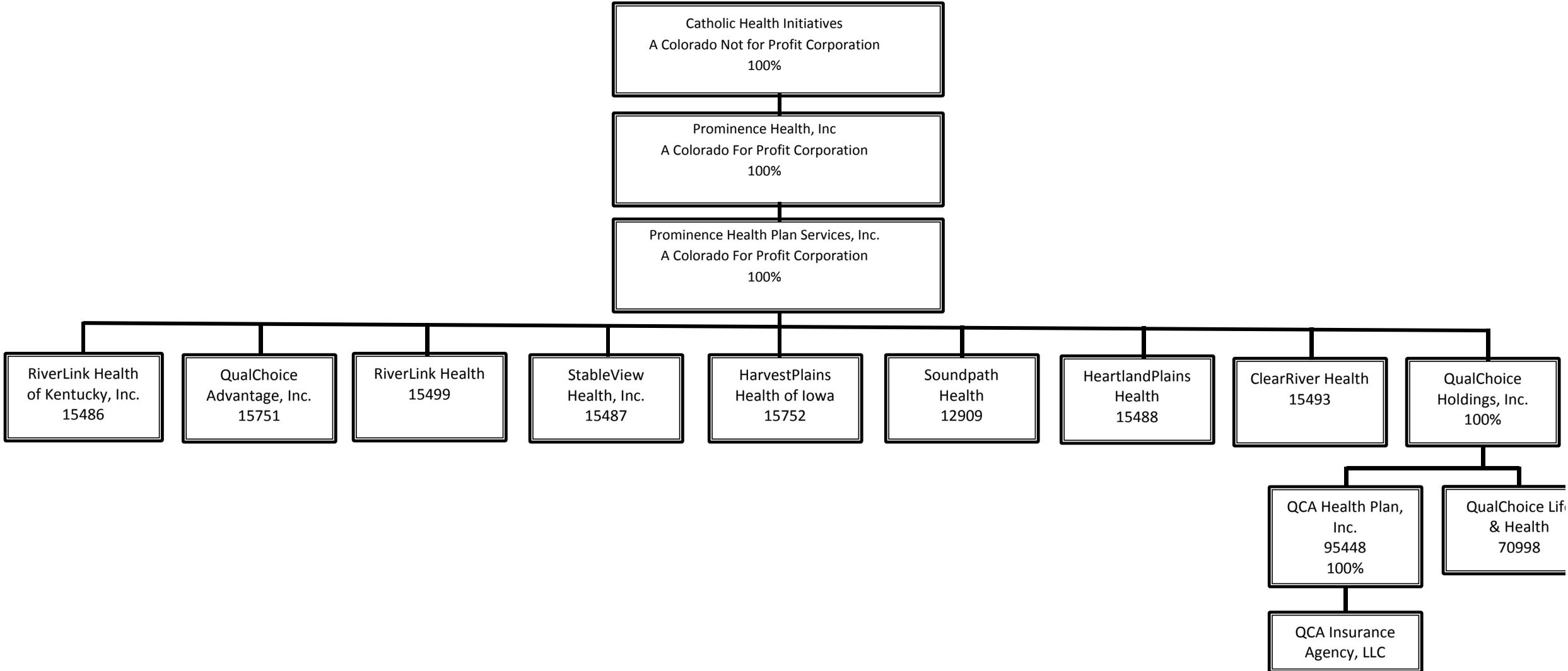
(a) Insert the number of L responses except for Canada and Other Alien. Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Q40
40



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