



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2012
OF THE CONDITION AND AFFAIRS OF THE

Care Improvement Plus South Central Insurance Company

NAIC Group Code 0707 4443 NAIC Company Code 12567 Employer's ID Number 20-3888112
(Current) (Prior)

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

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health

Is HMO Federally Qualified? Yes [] No []

Incorporated/Organized 01/13/2006 Commenced Business 01/01/2007

Statutory Home Office 11219 Financial Center Parkway, Suite 240, Little Rock, AR, US 72211
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 351 W. Camden Street, Suite 100
(Street and Number)
Baltimore, MD, US 21201 (City or Town, State, Country and Zip Code)
(410)625-2200 (Area Code) (Telephone Number)

Mail Address 351 W. Camden Street, Suite 100, Baltimore, MD, US 21201
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 351 W. Camden Street, Suite 100
(Street and Number)
Baltimore, MD, US 21201 (City or Town, State, Country and Zip Code)
(410)625-2200 (Area Code) (Telephone Number)

Internet Website Address www.careimprovementplus.com

Statutory Statement Contact Reya Mathew, (443)872-3040
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(E-mail Address) (FAX Number)

OFFICERS

President John Lawrence Larsen # Chief Financial Officer Mete [NMN] Sahin
Executive Vice President & Secretary Paul Anthony Serini Treasurer Robert Worth Oberrender #

OTHER

Daniel Jay Friedman Chief Legal Officer & Assistant Secretary
Michelle Marie Huntley Dill # Assistant Secretary

DIRECTORS OR TRUSTEES

Cynthia Longseth Polich # Paul Anthony Serini Mete [NMN] Sahin

State of _____ State of _____ State of _____
County of _____ County of _____ County of _____

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

John Lawrence Larsen Michelle Marie Huntley Dill
President Assistant Secretary

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

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

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)	121,119,604		121,119,604	108,761,402
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$			0	0
encumbrances)				
4.2 Properties held for the production of income (less			0	0
\$				
encumbrances)				
4.3 Properties held for sale (less \$			0	0
encumbrances)				
5. Cash (\$274,374,597 , Schedule E - Part 1), cash equivalents				
(\$, Schedule E - Part 2) and short-term				
investments (\$30,571,151 , Schedule DA)	304,945,748		304,945,748	187,412,445
6. Contract loans, (including \$ premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)			0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	426,065,352	0	426,065,352	296,173,847
13. Title plants less \$ charged off (for Title insurers			0	0
only)				
14. Investment income due and accrued	459,735		459,735	777,057
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	30,037,068	2,136,236	27,900,832	152,762
15.2 Deferred premiums, agents' balances and installments booked but				
deferred and not yet due (including \$			0	0
earned but unbilled premiums)				
15.3 Accrued retrospective premiums			0	19,690,107
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	620,159		620,159	363,704
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	19,413,913	147,647	19,266,266	17,186,474
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset	10,277,336	1,379,027	8,898,309	13,625,195
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets				
(\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	2,075		2,075	1,918,380
24. Health care (\$19,213,005) and other amounts receivable	44,247,772	25,034,768	19,213,004	19,736,828
25. Aggregate write-ins for other than invested assets	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and				
Protected Cell Accounts (Lines 12 to 25)	531,123,410	28,697,678	502,425,732	369,624,354
27. From Separate Accounts, Segregated Accounts and Protected Cell				
Accounts			0	0
28. Total (Lines 26 and 27)	531,123,410	28,697,678	502,425,732	369,624,354
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ 102,810 reinsurance ceded)	141,619,932		141,619,932	151,186,044
2. Accrued medical incentive pool and bonus amounts	2,644,221		2,644,221	2,291,768
3. Unpaid claims adjustment expenses	2,660,744		2,660,744	2,585,175
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Service Act	14,505,152		14,505,152	30,378,987
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	18,584
9. General expenses due or accrued	6,768,712		6,768,712	0
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	8,533,693		8,533,693	7,201,230
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	154,105		154,105	128,005
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	962,538		962,538	0
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	177,849,097	0	177,849,097	193,789,793
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	1,810,447
26. Common capital stock	XXX	XXX	2,000,000	750,000
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	181,562,960	182,812,960
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX		0
31. Unassigned funds (surplus)	XXX	XXX	141,013,675	(9,538,848)
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	324,576,635	175,834,559
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	502,425,732	369,624,352
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2308. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2309. Totals (Lines 2301 thru 2303 plus 2308)(Line 23 above)	0	0	0	0
2501. Additional DTA per SSAP 10R para 10e	XXX	XXX	0	1,810,447
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	1,810,447
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	1,108,862	924,562
2. Net premium income (including \$ non-health premium income)	XXX	1,633,361,127	1,350,722,727
3. Change in unearned premium reserves and reserve for rate credits	XXX	15,873,835	0
4. Fee-for-service (net of \$ medical expenses)	XXX	0	0
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	1,649,234,962	1,350,722,727
Hospital and Medical:			
9. Hospital/medical benefits		1,050,876,999	904,912,108
10. Other professional services		18,184,409	10,391,582
11. Outside referrals		0	0
12. Emergency room and out-of-area		0	0
13. Prescription drugs		93,477,186	85,590,973
14. Aggregate write-ins for other hospital and medical.....	0	6,562,994	4,957,962
15. Incentive pool, withhold adjustments, and bonus amounts		2,485,236	3,896,809
16. Subtotal (Lines 9 to 15)	0	1,171,586,824	1,009,749,434
Less:			
17. Net reinsurance recoveries		567,735	(959,195)
18. Total hospital and medical (Lines 16 minus 17)	0	1,171,019,089	1,010,708,629
19. Non-health claims (net)			0
20. Claims adjustment expenses, including \$53,838,400 cost containment expenses		102,464,085	104,012,408
21. General administrative expenses		137,560,910	106,922,865
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		0	0
23. Total underwriting deductions (Lines 18 through 22).....	0	1,411,044,084	1,221,643,902
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	238,190,878	129,078,825
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		175,538	(4,660)
26. Net realized capital gains (losses) less capital gains tax of \$15,282		28,381	(86,801)
27. Net investment gains (losses) (Lines 25 plus 26)	0	203,919	(91,461)
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$1,252,804) (amount charged off \$)]		1,252,804	(663,325)
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	239,647,601	128,324,039
31. Federal and foreign income taxes incurred	XXX	77,333,942	29,625,459
32. Net income (loss) (Lines 30 minus 31)	XXX	162,313,659	98,698,580
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401. Transportation Costs		6,562,994	4,957,962
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	6,562,994	4,957,962
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	175,834,559	102,009,362
34. Net income or (loss) from Line 32.....	162,313,659	98,698,580
35. Change in valuation basis of aggregate policy and claim reserves.....		0
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).....		0
38. Change in net deferred income tax.....	(3,347,858)	(12,415,688)
39. Change in nonadmitted assets.....	(10,223,725)	15,019,611
40. Change in unauthorized and certified reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	0	0
43. Cumulative effect of changes in accounting principles.....		0
44. Capital Changes:		
44.1 Paid in.....	1,250,000	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		0
45. Surplus adjustments:		
45.1 Paid in.....	(1,250,000)	(25,000,000)
45.2 Transferred to capital (Stock Dividend).....		0
45.3 Transferred from capital.....		0
46. Dividends to stockholders.....		0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	(2,477,306)
48. Net change in capital and surplus (Lines 34 to 47).....	148,742,076	73,825,197
49. Capital and surplus end of reporting period (Line 33 plus 48)	324,576,635	175,834,559
DETAILS OF WRITE-INS		
4701. Add'l DTA per SSAP 10R paragraph 10e.....	0	(1,958,058)
4702. Post Audit Correction of Error.....	0	(519,248)
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	(2,477,306)

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,623,174,442	1,386,978,830
2. Net investment income	1,984,832	(243,819)
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	1,625,159,274	1,386,735,011
5. Benefit and loss related payments	1,186,526,194	985,387,132
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	233,765,939	203,278,667
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	75,443,632	16,833,445
10. Total (Lines 5 through 9)	1,495,735,765	1,205,499,244
11. Net cash from operations (Line 4 minus Line 10)	129,423,509	181,235,767
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	25,685,886	35,008,950
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	(4,491)
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	25,685,886	35,004,459
13. Cost of investments acquired (long-term only):		
13.1 Bonds	39,492,397	144,245,840
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	39,492,397	144,245,840
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(13,806,511)	(109,241,381)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	(25,000,000)
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	1,916,305	(3,465,623)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	1,916,305	(28,465,623)
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)	117,533,303	43,528,763
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	187,412,445	143,883,682
19.2 End of year (Line 18 plus Line 19.1)	304,945,748	187,412,445

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

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ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,633,361,127						1,633,361,127			
2. Change in unearned premium reserves and reserve for rate credit	15,873,835						15,873,835			
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	1,649,234,962	0	0	0	0	0	1,649,234,962	0	0	0
8. Hospital/medical benefits	1,050,876,999						1,050,876,999			XXX
9. Other professional services	18,184,409						18,184,409			XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	0									XXX
12. Prescription drugs	93,477,186						93,477,186			XXX
13. Aggregate write-ins for other hospital and medical	6,562,994	0	0	0	0	0	6,562,994	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	2,485,236						2,485,236			XXX
15. Subtotal (Lines 8 to 14)	1,171,586,824	0	0	0	0	0	1,171,586,824	0	0	XXX
16. Net reinsurance recoveries	567,735						567,735			XXX
17. Total medical and hospital (Lines 15 minus 16)	1,171,019,089	0	0	0	0	0	1,171,019,089	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 53,838,402 cost containment expenses	102,464,085						102,464,085			
20. General administrative expenses	137,560,910						137,560,910			
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	1,411,044,084	0	0	0	0	0	1,411,044,084	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	238,190,878	0	0	0	0	0	238,190,878	0	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Transportation Costs	6,562,994						6,562,994			XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	6,562,994	0	0	0	0	0	6,562,994	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	1,635,059,231		1,698,104	1,633,361,127
7. Title XIX - Medicaid	0			0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	1,635,059,231	0	1,698,104	1,633,361,127
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	1,635,059,231	0	1,698,104	1,633,361,127

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	1,184,744,707						1,184,744,707			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	351,295						351,295			
1.4 Net	1,184,393,412	0	0	0	0	0	1,184,393,412	0	0	0
2. Paid medical incentive pools and bonuses	2,132,782						2,132,782			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	141,722,742	0	0	0	0	0	141,722,742	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	102,810	0	0	0	0	0	102,810	0	0	0
3.4 Net	141,619,932	0	0	0	0	0	141,619,932	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	2,644,221						2,644,221			
6. Net healthcare receivables (a)	6,036,991						6,036,991			
7. Amounts recoverable from reinsurers December 31, current year	620,159						620,159			
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	151,328,870	0	0	0	0	0	151,328,870	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	142,826	0	0	0	0	0	142,826	0	0	0
8.4 Net	151,186,044	0	0	0	0	0	151,186,044	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	2,291,768	0	0	0	0	0	2,291,768	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	363,704	0	0	0	0	0	363,704	0	0	0
12. Incurred Benefits:										
12.1 Direct	1,169,101,588	0	0	0	0	0	1,169,101,588	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	567,734	0	0	0	0	0	567,734	0	0	0
12.4 Net	1,168,533,854	0	0	0	0	0	1,168,533,854	0	0	0
13. Incurred medical incentive pools and bonuses	2,485,235	0	0	0	0	0	2,485,235	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	14,810,462						14,810,462			
1.2 Reinsurance assumed .....	.0									
1.3 Reinsurance ceded .....	.0									
1.4 Net	14,810,462	.0	.0	.0	.0	.0	14,810,462	.0	.0	.0
2. Incurred but Unreported:										
2.1 Direct	126,912,280						126,912,280			
2.2 Reinsurance assumed .....	.0									
2.3 Reinsurance ceded	102,810						102,810			
2.4 Net	126,809,470	.0	.0	.0	.0	.0	126,809,470	.0	.0	.0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....	.0									
3.2 Reinsurance assumed .....	.0									
3.3 Reinsurance ceded .....	.0									
3.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:										
4.1 Direct	141,722,742	.0	.0	.0	.0	.0	141,722,742	.0	.0	.0
4.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded	102,810	.0	.0	.0	.0	.0	102,810	.0	.0	.0
4.4 Net	141,619,932	0	0	0	0	0	141,619,932	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	83,539,527	1,100,597,430	824,918	140,795,014	84,364,445	151,186,044
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	83,539,527	1,100,597,430	824,918	140,795,014	84,364,445	151,186,044
10. Healthcare receivables (a)	10,675,418	33,572,355			10,675,418	38,210,783
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	1,389,282	743,499	1,052,835	1,591,386	2,442,117	2,291,768
13. Totals (Lines 9 - 10 + 11 + 12)	74,253,391	1,067,768,574	1,877,753	142,386,400	76,131,144	115,267,029

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	361,772	362,006	361,541	360,740	360,581
2.	2008	538,239	642,053	640,536	635,885	634,384
3.	2009	XXX	514,757	619,066	613,898	602,693
4.	2010	XXX	XXX	653,218	785,694	771,983
5.	2011	XXX	XXX	XXX	857,213	996,253
6.	2012	XXX	XXX	XXX	XXX	1,067,769

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	364,089	362,006	361,541	360,740	360,581
2.	2008	642,013	642,758	640,536	635,885	634,384
3.	2009	XXX	618,150	619,277	613,898	602,693
4.	2010	XXX	XXX	774,845	786,010	771,983
5.	2011	XXX	XXX	XXX	1,010,374	998,131
6.	2012	XXX	XXX	XXX	XXX	1,210,155

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2008	690,374	634,384	44,443	7.0	678,827	98.3	0	0	678,827	98.3
2. 2009	745,347	602,693	62,501	10.4	665,194	89.2	0	0	665,194	89.2
3. 2010	924,037	771,983	78,718	10.2	850,701	92.1	0	0	850,701	92.1
4. 2011	1,350,723	996,253	103,406	10.4	1,099,659	81.4	1,878	35	1,101,572	81.6
5. 2012	1,650,933	1,067,769	88,247	8.3	1,156,016	70.0	142,386	2,626	1,301,028	78.8

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	361,772	362,006	361,541	360,740	360,581
2.	2008	538,239	642,053	640,536	635,885	634,384
3.	2009	XXX	514,757	619,066	613,898	602,693
4.	2010	XXX	XXX	653,218	785,694	771,983
5.	2011	XXX	XXX	XXX	857,213	996,253
6.	2012	XXX	XXX	XXX	XXX	1,067,769

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	364,089	362,006	361,541	360,740	360,581
2.	2008	642,013	642,758	640,536	635,885	634,384
3.	2009	XXX	618,150	619,277	613,898	602,693
4.	2010	XXX	XXX	774,845	786,010	771,983
5.	2011	XXX	XXX	XXX	1,010,374	998,131
6.	2012	XXX	XXX	XXX	XXX	1,210,155

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2008	690,374	634,384	44,443	7.0	678,827	98.3	0	0	678,827	98.3
2. 2009	745,347	602,693	62,501	10.4	665,194	89.2	0	0	665,194	89.2
3. 2010	924,037	771,983	78,718	10.2	850,701	92.1	0	0	850,701	92.1
4. 2011	1,350,723	996,253	103,406	10.4	1,099,659	81.4	1,878	35	1,101,572	81.6
5. 2012	1,650,933	1,067,769	88,247	8.3	1,156,016	70.0	142,386	2,626	1,301,028	78.8

12.GT

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	.0								
2. Additional policy reserves (a) .....	.0								
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$) for investment income	14,505,152						14,505,152		
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross)	14,505,152	.0	.0	.0	.0	.0	14,505,152	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net)(Page 3, Line 4)	14,505,152	.0	.0	.0	.0	.0	14,505,152	.0	.0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ 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 (\$ for occupancy of own building)	1,406,669	829,904	1,967,393		4,203,966
2. Salary, wages and other benefits	21,415,981	12,634,953	29,952,777		64,003,711
3. Commissions (less \$ ceded plus \$ assumed)	0	0	54,743,079		54,743,079
4. Legal fees and expenses	251,784	148,547	352,149		752,480
5. Certifications and accreditation fees	63,295	45,083	145,925		254,303
6. Auditing, actuarial and other consulting services	8,967,603	9,009,444	5,634,038	238,496	23,849,581
7. Traveling expenses	785,775	463,590	1,098,999		2,348,364
8. Marketing and advertising	62,741	0	11,439,037		11,501,778
9. Postage, express and telephone	2,440,276	1,439,708	3,413,014		7,292,998
10. Printing and office supplies	2,753,798	1,624,680	3,851,512		8,229,990
11. Occupancy, depreciation and amortization	775,634	457,607	1,084,815		2,318,056
12. Equipment	493,583	291,203	690,334		1,475,120
13. Cost or depreciation of EDP equipment and software	2,867,757	1,691,913	4,010,897		8,570,567
14. Outsourced services including EDP, claims, and other services	10,211,491	18,667,964	9,189,928		38,069,383
15. Boards, bureaus and association fees	62,595	54,653	229,619		346,867
16. Insurance, except on real estate	68,351	40,326	95,597		204,274
17. Collection and bank service charges		511,639	170,546	170,546	852,731
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			7,184,201		7,184,201
23.2 State premium taxes			0		0
23.3 Regulatory authority licenses and fees			120,131		120,131
23.4 Payroll taxes	1,211,013	714,471	1,693,745		3,619,229
23.5 Other (excluding federal income and real estate taxes)	54		493,174		493,228
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25)	53,838,400	48,625,685	137,560,910	409,042	(a) 240,434,037
27. Less expenses unpaid December 31, current year	1,398,053	1,262,691	6,768,712		9,429,456
28. Add expenses unpaid December 31, prior year	0	2,585,175	0	0	2,585,175
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	52,440,347	49,948,169	130,792,198	409,042	233,589,756
DETAILS OF WRITE-INS					
2501.					
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$ 233,253,040 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) 235,071	198,083
1.1 Bonds exempt from U.S. tax	(a) .....	.....
1.2 Other bonds (unaffiliated)	(a) 468,815	348,054
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) 201,157	38,272
7. Derivative instruments	(f) .....	.....
8. Other invested assets .....	.....	.....
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	905,043	584,409
11. Investment expenses .....	.....	(g) 409,042
12. Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g) 0
13. Interest expense .....	.....	(h) (171)
14. Depreciation on real estate and other invested assets .....	.....	(i)
15. Aggregate write-ins for deductions from investment income .....	.....	0
16. Total deductions (Lines 11 through 15) .....	.....	408,871
17. Net investment income (Line 10 minus Line 16) .....	.....	175,538
DETAILS OF WRITE-INS		
0901. ....	.....	.....
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page .....	.....	0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above) .....	.....	0

- (a) Includes \$ 23,636 accrual of discount less \$ 1,515,608 amortization of premium and less \$ 94,471 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 35,321 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	0	0	0	0	0
1.1 Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2 Other bonds (unaffiliated)	43,663	0	43,663	0	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	43,663	0	43,663	0	0
DETAILS OF WRITE-INS					
0901. ....	.....	.....	.....	.....	.....
0902. ....	.....	.....	.....	.....	.....
0903. ....	.....	.....	.....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

	1	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)		0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks		0	0
2.2 Common stocks		0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens		0	0
3.2 Other than first liens		0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company		0	0
4.2 Properties held for the production of income		0	0
4.3 Properties held for sale		0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)		0	0
6. Contract loans		0	0
7. Derivatives (Schedule DB)		0	0
8. Other invested assets (Schedule BA)		0	0
9. Receivables for securities		0	0
10. Securities lending reinvested collateral assets (Schedule DL)		0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)		0	0
14. Investment income due and accrued		0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	2,136,236	0	(2,136,236)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due		0	0
15.3 Accrued retrospective premiums		0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers		0	0
16.2 Funds held by or deposited with reinsured companies		0	0
16.3 Other amounts receivable under reinsurance contracts		0	0
17. Amounts receivable relating to uninsured plans	147,647	0	(147,647)
18.1 Current federal and foreign income tax recoverable and interest thereon		0	0
18.2 Net deferred tax asset	1,379,027	0	(1,379,027)
19. Guaranty funds receivable or on deposit		0	0
20. Electronic data processing equipment and software		0	0
21. Furniture and equipment, including health care delivery assets		0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates		0	0
23. Receivable from parent, subsidiaries and affiliates		0	0
24. Health care and other amounts receivable	25,034,768	18,473,953	(6,560,815)
25. Aggregate write-ins for other than invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	28,697,678	18,473,953	(10,223,725)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts		0	0
28. Total (Lines 26 and 27)	28,697,678	18,473,953	(10,223,725)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	0					
2. Provider Service Organizations	0					
3. Preferred Provider Organizations	83,665	86,924	91,879	96,499	99,712	1,108,862
4. Point of Service	0					
5. Indemnity Only	0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	83,665	86,924	91,879	96,499	99,712	1,108,862
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The statutory basis financial statements of Care Improvement Plus South Central Insurance Company (the Company) are presented on the basis of accounting practices prescribed or permitted by the State of Arkansas Department of Insurance (the Department).

The Department recognizes only statutory accounting practices, prescribed or permitted by the State of Arkansas, for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under Arkansas Insurance Law. The state prescribes the use of the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual (NAIC SAP) in effect for the accounting periods covered in the financial statement.

(1-8) No significant differences exist between the practices prescribed or permitted by the State of Arkansas and those prescribed or permitted by the NAIC SAP which materially affect the statutory basis net income and capital and surplus, as illustrated in the table below:

	State of Domicile	2012	2011
NET INCOME			
(1) Company state basis	Arkansas	\$ 162,313,659	\$ 98,698,580
(2) State Prescribed Practices that increase/(decrease) NAIC SAP: Not applicable	Arkansas	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP: Not applicable	Arkansas	-	-
(4) NAIC SAP	Arkansas	\$ 162,313,659	\$ 98,698,580
SURPLUS			
(5) Company state basis	Arkansas	\$ 324,576,635	\$ 175,834,559
(6) State Prescribed Practices that increase/(decrease) NAIC SAP: Not applicable	Arkansas	-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP: Not applicable	Arkansas	-	-
(8) NAIC SAP	Arkansas	\$ 324,576,635	\$ 175,834,559

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

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

C. Accounting Policy

- (1) Cash and short-term investments include cash, money market instruments and US government and agency obligations with a maturity of greater than three months but less than one year at the time of purchase. Short-term investments are stated at amortized cost.
- (2) Bonds include US government and agency obligations with a maturity of greater than one year at the time of purchase. Bonds are stated at amortized cost using the constant-yield interest method.
- (3) The Company holds no common stock.
- (4) The Company holds no preferred stock.
- (5) The Company holds no mortgage loans on real estate.
- (6) The Company holds no loan-backed securities.
- (7) The Company holds no investments in subsidiaries, controlled, or affiliated entities.
- (8) The Company has no investment interests with respect to joint ventures, partnerships or limited liability companies.
- (9) The Company holds no derivatives.
- (10) Company does not anticipate investment income as a factor in the premium deficiency calculation
- (11) Claims adjustment expenses (CAE) are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims, which is included in unpaid claims adjustment expenses in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Management believes the amount of the liability for unpaid claims adjustment expenses as of December 31, 2012 is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid claims adjustment expenses are reflected in operating results in the period in which the change in estimate is identified.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company's pharmaceutical rebate receivables are estimated based on contractual per member per month (PMPM) and current volume. The majority of rebates are billed or confirmed within 60 days at the end of each quarter. The rebates are then paid in accordance with contract terms with the Company's pharmacy benefit manager, Medco Health Solutions, Inc. (Medco).

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

No changes in accounting principles have been recorded for year end December 31, 2012. At year end December 31, 2011, after the annual statement filing date the Company made an adjustment to prior year financial results in the amount of \$519,248. The Company performed additional analysis after the annual statement filing date and wrote down health care receivables, resulting in an increase to claims incurred. The adjustment increased the annual statement net loss but had no net effect on capital and surplus, as the receivables that were written down were previously non-admitted.

3. BUSINESS COMBINATIONS AND GOODWILL

A–D. The Company was not party to a business combination during the years ended December 31, 2012 and 2011, and does not carry goodwill in its statutory basis statements of admitted assets, liabilities, and capital and surplus.

4. DISCONTINUED OPERATIONS

(1–5) The Company did not discontinue any operations during 2012 and 2011.

5. INVESTMENTS AND OTHER INVESTED ASSETS

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

D. Loan-Backed Securities

(1–5) The Company has no loan-backed securities.

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

F. Real Estate – Not applicable.

G. Low-Income Housing Tax Credits – Not applicable.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

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

7. INVESTMENT INCOME

A. The Company has admitted all investment income due and accrued in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

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

8. DERIVATIVE INSTRUMENTS

A–F. The Company has no derivative instruments.

9. INCOME TAXES

A. Deferred Tax Asset

(1) The components of the net deferred tax asset for the years ended December 31, are as follows:

	(2012 information is computed under SSAP No. 101. 2011 information was computed under SSAP No. 10R)								
	2012			2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$ 10,288,865	\$ -	\$ 10,288,865	\$ 13,625,195	\$ -	\$ 13,625,195	\$ (3,336,330)	\$ -	\$ (3,336,330)
(b) Statutory valuation allowance adjustments	-	-	-	-	-	-	-	-	-
(c) Adjusted gross deferred tax assets (1a–1b)	10,288,865	-	10,288,865	13,625,195	-	13,625,195	(3,336,330)	-	(3,336,330)
(d) Deferred tax assets nonadmitted	<u>1,379,027</u>	<u>-</u>	<u>1,379,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,379,027</u>	<u>-</u>	<u>1,379,027</u>
(e) Subtotal net admitted deferred tax asset (1c–1d)	8,909,838	-	8,909,838	13,625,195	-	13,625,195	(4,715,357)	-	(4,715,357)
(f) Deferred tax liabilities	<u>4,563</u>	<u>6,967</u>	<u>11,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,563</u>	<u>6,967</u>	<u>11,530</u>
(g) Net admitted deferred tax asset/ (net deferred tax liability)	<u>\$ 8,905,275</u>	<u>\$(6,967)</u>	<u>\$ 8,898,308</u>	<u>\$ 13,625,195</u>	<u>\$ -</u>	<u>\$ 13,625,195</u>	<u>\$ (4,719,920)</u>	<u>\$(6,967)</u>	<u>\$ (4,726,887)</u>

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company

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

(2012 information is computed under SSAP No. 101. 2011 information was computed under SSAP No. 10R.)

Admission Calculation Components SSAP No. 101	2012			2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 2,720,974	\$ -	\$2,720,974	\$ 7,159,311	\$ -	\$ 7,159,311	\$(4,438,337)	\$ -	\$(4,438,337)
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	6,177,333	-	6,177,333	6,465,884	-	6,465,884	(288,551)	-	(288,551)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	6,177,333	-	6,177,333	6,465,884	-	6,465,884	(288,551)	-	(288,551)
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	47,351,749	XXX	XXX	16,213,312	XXX	XXX	31,138,437
(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	11,531	-	11,531	-	-	-	11,531	-	11,531
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 and SSAP No. 10R, respectively for 2012 and 2011									
Total 2(a)+2(b)+2(c)	<u>\$ 8,909,838</u>	<u>\$ -</u>	<u>\$8,909,838</u>	<u>\$13,625,195</u>	<u>\$ -</u>	<u>\$13,625,195</u>	<u>\$(4,715,357)</u>	<u>\$ -</u>	<u>\$(4,715,357)</u>

SSAP No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10*, is effective for 2012 interim and annual financial statements and beyond. The new standard includes revised guidance for tax contingencies, a non-elective deferred tax asset admissibility test along with significant modifications to the deferred tax assets admissibility test, and disclosure modifications. A change resulting from this adoption would be accounted for prospectively and reflected as a change in accounting principle in accordance with SSAP No. 3 — *Accounting Changes and Corrections of Errors*. The adoption of this pronouncement did not have an impact on the statutory basis financial statements.

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

	2012	2011
(a) Ratio percentage used to determine recovery period and threshold limitation amount	701 %	n/a
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2 (b) (2) above	\$ 315,678,326	n/a

- (4) There was no impact to the deferred tax assets as a result of tax-planning strategies.

B. Unrecognized Deferred Tax Liabilities

- (1–4) There are no unrecognized deferred tax liabilities.

C. Significant Components of Income Taxes

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

	2012	2011	Change
I. Current income tax			
(a) Federal	\$ 77,333,942	\$ 29,625,458	\$ 47,708,484
(b) Foreign	-	-	-
(c) Subtotal	<u>77,333,942</u>	<u>29,625,458</u>	<u>47,708,484</u>
(d) Federal income tax on net capital gains	15,282	-	15,282
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Total federal and foreign income taxes incurred	<u>\$ 77,349,224</u>	<u>\$ 29,625,458</u>	<u>\$ 47,723,766</u>

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company

(2-4) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2012 and 2011, are as follows:

(2012 information is computed under SSAP No. 101.
2011 information was computed under SSAP No. 10R.)

	2012	2011	Change
2. Deferred tax assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 727,337	\$ 921,146	\$ (193,809)
(2) Unearned premium reserve	-	1,301	(1,301)
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	9,561,528	6,465,884	3,095,644
(11) Net operating loss carry-forward	-	2,183,582	(2,183,582)
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	-	4,053,282	(4,053,282)
(99) Subtotal	<u>10,288,865</u>	<u>13,625,195</u>	<u>(3,336,330)</u>
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	<u>1,379,027</u>	<u>-</u>	<u>1,379,027</u>
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	<u>8,909,838</u>	<u>13,625,195</u>	<u>(4,715,357)</u>
(e) Capital			
(1) Investments	-	-	-
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	<u>-</u>	<u>-</u>	<u>-</u>
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	<u>-</u>	<u>-</u>	<u>-</u>
(i) Admitted deferred tax assets (2d + 2h)	<u>8,909,838</u>	<u>13,625,195</u>	<u>(4,715,357)</u>
3. Deferred tax liabilities:			
(a) Ordinary			
(1) Investments	4,563	-	4,563
(2) Fixed assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	-	-	-
(99) Subtotal	<u>4,563</u>	<u>-</u>	<u>4,563</u>
(b) Capital			
(1) Investments	6,967	-	6,967
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	<u>6,967</u>	<u>-</u>	<u>6,967</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>11,530</u>	<u>-</u>	<u>11,530</u>
4. Net deferred tax assets/liabilities (2i - 3c)	<u>\$ 8,898,308</u>	<u>\$ 13,625,195</u>	<u>\$ (4,726,887)</u>

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company

The other ordinary deferred tax asset of \$0 and \$4,053,282 for 2012 and 2011, respectively, consists of bad debt

The Company assessed the potential realization of the gross deferred tax asset and as a result no statutory valuation allowance was required and no allowance was established as of December 31, 2012 and 2011.

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

	2012	2011
Tax provision at the federal statutory rate	\$ 83,882,009	\$ 44,913,414
Other	(89,281)	(328,375)
Tax effect of nonadmitted assets	<u>(3,095,644)</u>	<u>(585,837)</u>
 Total	 <u>\$ 80,697,084</u>	 <u>\$ 43,999,202</u>
 Federal income taxes incurred	 \$ 77,333,942	 \$ 29,625,459
Capital gains tax	15,282	-
Change in net deferred income tax	<u>3,347,860</u>	<u>14,373,743</u>
 Total statutory income taxes	 <u>\$ 80,697,084</u>	 <u>\$ 43,999,202</u>

- E.** At December 31, 2012, the Company had no net operating loss carryforwards.

Current federal income taxes payable of approximately \$8,533,693 and \$6,628,102 as of December 31, 2012 and 2011, respectively, are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

Federal income taxes paid, net of refunds was approximately \$75,443,632 and \$21,322,683 in 2012 and 2011, respectively.

Federal income taxes incurred of approximately \$77,452,032 and \$29,625,459 for 2012 and 2011, respectively, is available for recoupment in the event of future net losses.

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

F. The Company is included in a consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y — Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The U.S. Internal Revenue Service (IRS) has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2011 and prior. UnitedHealth Group's 2012 tax return is under advance review by the IRS under its Compliance Assurance Program (CAP). With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2007 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

G. Tax Contingencies — Not applicable

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

A–D & F. Pursuant to the terms of a management agreement, XLHealth Corporation provides all administrative services for the Company. Management fees under this arrangement totaled approximately \$233,253,040 and \$210,609,897 in 2012 and 2011, respectively, and are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations.

On November 9, 2012, approval was received from the Department for the Company to enter into a Tax Sharing Agreement with UnitedHealth Group (see Note 9). Prior to this, the Company was under a Tax Sharing Agreement with XLHealth Corporation. The Company has an income tax payable in the amount of \$8,533,693 and \$7,201,230 at the end of 2012 and 2011, respectively, in accordance with the Tax Sharing Agreement.

At December 31, 2012 and 2011, the Company reported approximately \$2,075 and \$1,918,380, respectively, as receivables from parent, subsidiaries and affiliates from XLHealth Corporation, which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 30 days from the incurred date.

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

G. All outstanding shares of the Company are owned by the parent company, XLHealth Corporation, an insurance holding company incorporated in the State of Maryland.

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

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

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

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

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

11. DEBT

A–B. The Company had no outstanding debt with third parties or outstanding federal home loan bank agreements during 2012 and 2011.

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

A–F. The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits and compensated absences plans, and is not impacted by the Medicare Modernization Act on postretirement benefits

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

(1–2) The Company has 200,000 shares authorized and 100,000 shares issued and outstanding of \$20.00 par value common stock. On November 12, 2012, the Company amended its Articles of Incorporation to change the par value from \$7.50 to \$20.00. The Company has no preferred stock outstanding. All issued and outstanding shares of common stock are held by the Company's parent, XLHealth Corporation.

(3) Dividends are paid as determined by the Board of Directors with the approval of the Commissioner of the Arkansas Department of Insurance, as long as the Company meets or exceeds minimum surplus requirements.

(4) The Company paid an extraordinary cash dividend to XLHealth Corporation of \$25,000,000 on October 13, 2011, which was approved by the Commissioner of the Arkansas Department of Insurance and recorded as a reduction to gross paid-in and contributed surplus in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. No dividends were paid during 2012.

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

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

- (7) Not applicable as the Company is not a mutual reciprocal or a similarly organized entity.
- (8) The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options or stock purchase warrants.
- (9) There has been no change in special surplus fund balances from the prior year.
- (10) The portion of unassigned funds represented or reduced by unrealized gains or losses is \$0.
- (11–13) The Company does not have any outstanding surplus notes and has never been a party to a quasi-reorganization.

14. CONTINGENCIES

A. Contingent Commitments

The Company has no contingent commitments.

B. Assessments

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

C. Gain Contingencies

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

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

E. All Other Contingences

Because of the nature of the business, the Company is routinely made party to a variety of legal actions related to the design and management of its service offerings. The Company records liabilities for estimates of probable costs resulting from these matters where appropriate. These matters include, but are not limited to, claims relating to health care benefits coverage, medical malpractice actions, contract disputes, and claims related to certain other business practices. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

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

The Company has been and is currently involved in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, state attorneys general, the Office of Inspector General (OIG), the Office of Personnel Management, the Office of Civil Rights, U.S. Congressional committees, the U.S. Department of Justice, U.S. Attorneys, the SEC, the IRS, the U.S. Department of Labor, the Federal Deposit Insurance Corporation and other governmental authorities. Examples of audits include the risk adjustment data validation (RADV) audits discussed below and a review by the U.S. Department of Labor of the Company's administration of applicable customer employee benefit plans with respect to ERISA compliance.

Government actions can result in assessment of damages, civil or criminal fines or penalties, or other sanctions, including loss of licensure or exclusion from participation in government programs and could have a material adverse impact on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

Risk Adjustment Data Validation Audit. CMS adjusts capitation payments to Medicare Advantage plans and Medicare Part D plans according to the predicted health status of each beneficiary as supported by data from health care providers as well as, for Medicare Part D plans only, based on comparing costs predicted in the Company's annual bids to actual prescription drug costs. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted and member demographic information.

In February 2012, CMS announced a final RADV audit and payment adjustment methodology and that it will conduct RADV audits beginning with the 2011 payment year. These audits involve a review of medical records maintained by care providers and may result in retrospective adjustments to payments made to health plans. CMS has not communicated how the final payment adjustment under its methodology will be implemented. Any potential payment adjustments could have a material adverse effect on the Company's statutory basis financial statements.

During the first quarter of 2010, the Patient Protection and Affordable Care Act and a reconciliation measure, the Health Care and Education Reconciliation Act of 2010 (collectively known as Health Reform Legislation), were signed into law, and after being challenged, were substantially upheld in a U.S. Supreme Court decision in the second quarter of 2012. The Health Reform Legislation expands access to coverage and modifies aspects of the commercial insurance market, as well as the Medicaid and Medicare programs, Children's Health Insurance Program (CHIP), and other aspects of the health care system. Certain provisions of the Health Reform Legislation have already taken effect, and other provisions become effective at various dates over the next several years. The Department of Health and Human Services (HHS), the Department of Labor (DOL) and the Treasury Department have issued regulations or proposed regulations on a number of aspects of Health Reform Legislation, but final rules and interim guidance on the other key aspects of the legislation remain pending.

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

15. LEASES

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

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

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

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

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

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

A. The Company has no operations from Administrative Services Only Contracts (ASO).

B. The Company has no operations from Administrative Services Contracts (ASC).

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

The Medicare Part D program is a partially insured plan. The Company recorded a receivable of approximately \$18,290,510 and \$17,186,474 at December 31, 2012 and 2011, respectively, for cost reimbursements under the Medicare Part D program for the catastrophic reinsurance and low-income member cost-sharing subsidies and are included in Amounts Receivable Relating to Uninsured Plans in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company also recorded a receivable of approximately \$975,756 and \$0 and also a payable of \$962,538 and \$0 at December 31, 2012 and 2011, respectively, for the Medicare Part D Coverage Gap Discount Program and are included in Amounts Receivable Relating to Uninsured Plans in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

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

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

20. FAIR VALUE MEASUREMENT

A. Fair Value

(1) Fair Value Measurements at Reporting Date

The Company has does not have any financial assets that are measured and reported at fair value on the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2012 and 2011.

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy:

The Company does not have any financial assets with a fair value hierarchy of level 3.

(3) The Company's policy for determining when transfers between levels are recognized.

Not applicable.

(4) Fair Value Measurements categorized within Level 2 and 3 of the Fair Value Hierarchy.

The Company does not have any financial assets with a fair value hierarchy of level 2 and level 3.

(5) Derivative assets and liabilities

Not applicable.

B. Fair Value Combination — Not applicable

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company

- C. The aggregate fair value by hierarchy of all financial instruments as of December 31, 2012 is presented in the table below:

2012						
Types of Financial Investment	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practical Carrying Value
Bonds	\$ 151,909,812	\$ 151,690,755	\$ 151,690,755	\$ -	\$ -	\$ -
Common stock	-	-	-	-	-	-
Perpetual preferred stock	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-

2011						
Types of Financial Investment	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practical Carrying Value
Bonds	\$ 317,621,088	\$ 317,394,546	\$ 317,394,546	\$ -	\$ -	\$ -
Common stock	-	-	-	-	-	-
Perpetual preferred stock	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-

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

21. OTHER ITEMS

- A. The Company did not encounter any extraordinary items for the years ended December 31, 2012 or 2011.
- B. The Company has no troubled debt restructurings as of December 31, 2012 or 2011.
- C. The Company does not have any amounts not recorded in the statutory basis financial statements that represent segregated funds held for others. The Company also does not have any exposures related to forward commitments.
- D. The Company routinely evaluates the collectability of all receivable amounts included within the statutory basis statements of admitted assets, liabilities, and capital and surplus. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Company's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company's financial condition.
- E. The Company has not received any business interruption insurance recoveries during 2012 and 2011.
- F. The Company has no transferrable or non-transferable state tax credits.
- G. The Company has no direct exposure through investments in sub-prime mortgage loans. The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage.

- H. On November 14, 2012, the Company submitted UCAA Expansion Applications to 21 states for the 2014 and 2015 expansion of Care Improvement Plus South Central Insurance Company. As of February 25, 2013 the following eight state insurance departments have approved the Company for expansion: Colorado, Illinois, Kentucky, Massachusetts, New Hampshire, Pennsylvania, Virginia, and Washington. The Company is still pending expansion approval from the insurance departments in the states of Alabama, Florida, Indiana, Iowa, Kansas, Maine, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, and Texas.

22. EVENTS SUBSEQUENT

TYPE I – Recognized Subsequent events:

Subsequent events have been evaluated through 02/28/2013, which is the date these statutory basis financial statements were available for issuance.

There are no events subsequent to December 31, 2012, that require disclosure.

TYPE II – Non-Recognized Subsequent events:

Subsequent events have been evaluated through 02/28/2013, which is the date these statutory basis financial statements were available for issuance.

There are no events subsequent to December 31, 2012, that require disclosure.

23. REINSURANCE

A. Ceded Reinsurance Report

Section 1 — General Interrogatories

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

Yes () No (X)

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

Yes () No (X)

Section 2 — Ceded Reinsurance Report— Part A

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

Yes () No (X)

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

Yes () No (X)

Section 3 — Ceded Reinsurance Report — Part B

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

The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2012.

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

Yes () No (X)

B. **Uncollectible Reinsurance** — During 2012 and 2011, there were no uncollectible reinsurance recoverables.

C. **Commutation of Ceded Reinsurance** — There was no commutation of reinsurance in 2012 or 2011.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

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

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

- C. The Company has Medicare Part D program business which is subject to a retrospective rating feature related to Part D Premiums. The Company has estimated accrued retrospective premiums related to certain Part D premiums based on guidelines determined by CMS. The formula is tiered and based on the bid medical loss ratio. The amount of Part D earned premiums subject to retrospective rating was approximately \$133,399,781 and \$119,967,140 representing 8.1% and 8.9% of total net premium income for 2012 and 2011, respectively.
- D. The Company does not have any business subject to specific minimum loss ratio requirements as of December 31, 2012 pursuant to the Health Reform Legislation (See Note 14).

25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

The liability for claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves and health care receivables as of December 31, 2011 were approximately \$115,267,031. As of December 31, 2012, approximately \$84,928,808 has been paid for incurred claims attributable to insured events of prior years. There are no reserves remaining related to receivables, net of unpaid claims remaining for prior years. Therefore, there has been approximately \$39,135,887 favorable prior year development since December 31, 2011 to December 31, 2012. The primary driver of this favorable development is related to claims recovery activity as the actual dollars retracted for 2011 and prior dates of service has exceeded our estimates as of December 31, 2011. The remainder of the favorable development is related to revisions to originally estimated ultimate incurred PMPMs. This is because original estimates are increased or decreased, as additional information becomes known regarding individual claims.

The Company incurred claims adjustment expenses of approximately \$102,464,085 and \$104,012,408 in 2012 and 2011, respectively. These costs are included in the management service fees paid by the Company to XLHealth Corporation as a part of its management agreement (see Note 10).

26. INTERCOMPANY POOLING ARRANGEMENTS

A–G. The Company did not have any intercompany pooling arrangements in 2012 or 2011.

27. STRUCTURED SETTLEMENTS

A–B. The Company did not have structured settlements in 2012 or 2011.

28. HEALTH CARE AND OTHER AMOUNTS RECEIVABLES

A. 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 Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2012	\$ 7,429,723	\$ -	\$ -	\$ -	\$ -
9/30/2012	8,423,351	8,423,351	-	-	-
6/30/2012	7,334,994	7,334,994	7,334,994	-	-
3/31/2012	8,436,516	8,436,516	8,436,516	-	-
12/31/2011	8,127,768	8,127,768	8,127,768	1,207,276	-
9/30/2011	7,814,994	7,814,994	7,814,994	-	1,030,426
6/30/2011	7,437,309	7,437,309	7,437,309	-	561,644
3/31/2011	7,132,158	7,132,158	7,132,158	-	49,422
12/31/2010	6,262,992	6,262,992	6,262,992	-	640,646
9/30/2010	5,670,272	5,670,272	5,670,272	-	1,218,105
6/30/2010	5,114,411	5,133,941	5,133,941	-	500,142
3/31/2010	4,706,482	4,642,436	4,642,436	-	(105,016)

B. Risk Sharing Receivables:

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent
2012	2012 2013	\$ - XXX	\$ - \$ 2,324,636	\$ - XXX	\$ - XXX	\$ - XXX	\$ - XXX
2011	2011 2012	\$ - XXX	\$ - \$ -	\$ - XXX	\$ - XXX	\$ - XXX	\$ - XXX
2010	2010 2011	\$ - XXX	\$ - \$ -	\$ - XXX	\$ - XXX	\$ - XXX	\$ - XXX

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2012 or 2011.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 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 [X] No []
- 2.2 If yes, date of change: 11/12/2012
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 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. 12/31/2008
- 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). 12/22/2009
- 3.4 By what department or departments?
Arkansas Department of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [] No [X]
4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [] No [X]
4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 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 | 2 | 3 |
|----------------|-------------------|-------------------|
| Name of Entity | NAIC Company Code | State of Domicile |
| | | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information:
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
7.21 State the percentage of foreign control; %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1	2
Nationality	Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company
GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Baker Tilly Virshow Krause, LLP 225 S Sixth Street, Ste 2300 Minneapolis, MN 55402
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:

- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Leslie Strassberg, FSA, MAAA Director of Actuarial Services United Healthcare 351 West Camden Street Baltimore, MD 21201
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value \$
- 12.2 If, yes provide explanation:

- 13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is No, please explain:

- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).

- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company
GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers.....\$
 - 20.12 To stockholders not officers.....\$
 - 20.13 Trustees, supreme or grand (Fraternal Only).....\$
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers.....\$
 - 20.22 To stockholders not officers.....\$
 - 20.23 Trustees, supreme or grand (Fraternal Only).....\$
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others.....\$
 - 21.22 Borrowed from others.....\$
 - 21.23 Leased from others.....\$
 - 21.24 Other.....\$
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$
 - 22.22 Amount paid as expenses \$
 - 22.23 Other amounts paid \$
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 2,074

INVESTMENT

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company
GENERAL INTERROGATORIES

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

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

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

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

25.21 Subject to repurchase agreements	\$	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 Pledged as collateral	\$	0
25.26 Placed under option agreements	\$	0
25.27 Letter stock or other securities restricted as to sale	\$	0
25.28 On deposit with state or other regulatory body	\$	2,900,404
25.29 Other	\$	0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Goldman Sachs	1735 Market St. 26th Floor Philadelphia, PA 19103

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes No

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

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

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company
GENERAL INTERROGATORIES

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

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	151,690,755	151,900,312	209,557
30.2 Preferred stocks	0		0
30.3 Totals	151,690,755	151,900,312	209,557

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

For those securities that had prices in the NAIC SVO ISIS database, those prices were used; for those securities that did not have prices in the NAIC SVO ISIS database, pricing was obtained from HUB which is an external data sources vendor. HUB utilizes various pricing sources.

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]
- 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:
<http://www.hubdata.com/HMDWeb/Logon.asp>
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []
- 32.2 If no, list exceptions:

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company
GENERAL INTERROGATORIES

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 payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____ 0

1.62 Total incurred claims \$ _____ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ _____ 0

1.65 Total incurred claims \$ _____ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____ 0

1.72 Total incurred claims \$ _____ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ _____ 0

1.75 Total incurred claims \$ _____ 0

1.76 Number of covered lives 0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	1,633,361,127	1,350,722,727
2.2 Premium Denominator	1,633,361,127	1,350,722,727
2.3 Premium Ratio (2.1/2.2)	1.000	1.000
2.4 Reserve Numerator	158,769,305	183,856,799
2.5 Reserve Denominator	158,769,305	183,856,799
2.6 Reserve Ratio (2.4/2.5)	1.000	1.000

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

3.2 If yes, give particulars:

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

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

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

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical \$ _____ 435,000

5.32 Medical Only \$ _____ 0

5.33 Medicare Supplement \$ _____ 0

5.34 Dental & Vision \$ _____ 0

5.35 Other Limited Benefit Plan \$ _____ 0

5.36 Other \$ _____ 0

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

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 20,792

8.2 Number of providers at end of reporting year 22,463

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

9.2 If yes, direct premium earned:

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

9.22 Business with rate guarantees over 36 months \$ _____

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE Care Improvement Plus South Central Insurance Company
GENERAL INTERROGATORIES

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

10.2 If yes:

10.21 Maximum amount payable bonuses.....	\$	2,644,221
10.22 Amount actually paid for year bonuses.....	\$	2,132,781
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 [X]	No []

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No []

11.3 If yes, show the name of the state requiring such net worth. Arkansas

11.4 If yes, show the amount required. \$ 90,065,236

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
 200% of RBC Authorized Control Level

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

1 Name of Service Area
Arkansas
Georgia
Missouri
South Carolina
.....

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

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

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

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

FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	502,425,732	369,624,354	231,192,422	183,116,300	201,221,838
2. Total liabilities (Page 3, Line 24)	177,849,097	193,789,793	129,183,059	111,085,507	129,226,795
3. Statutory surplus	90,065,236	107,075,609	82,935,795	0	0
4. Total capital and surplus (Page 3, Line 33)	324,576,635	175,834,559	102,009,362	72,030,793	71,995,044
Income Statement (Page 4)					
5. Total revenues (Line 8)	1,649,234,962	1,350,722,727	924,036,682	745,346,933	690,374,391
6. Total medical and hospital expenses (Line 18)	1,171,019,089	1,010,708,629	773,284,761	616,812,401	643,113,427
7. Claims adjustment expenses (Line 20)	102,464,085	104,012,408	76,533,053	60,905,155	42,331,756
8. Total administrative expenses (Line 21)	137,560,910	106,922,865	79,889,899	77,139,462	58,583,372
9. Net underwriting gain (loss) (Line 24)	238,190,878	129,078,825	(5,671,031)	(9,510,085)	(53,654,164)
10. Net investment gain (loss) (Line 27)	203,919	(91,461)	(212,884)	(517,643)	3,669,230
11. Total other income (Lines 28 plus 29)	1,252,804	(663,325)	(709,798)	(2,593,226)	(8,021,036)
12. Net income or (loss) (Line 32)	162,313,659	98,698,580	(4,919,040)	(11,188,187)	(47,534,970)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	129,423,509	181,235,767	(8,417,064)	(47,968,937)	(109,980,555)
Risk-Based Capital Analysis					
14. Total adjusted capital	324,576,635	175,834,559	102,009,362	72,030,793	71,995,044
15. Authorized control level risk-based capital	45,032,618	38,936,585	30,158,471	24,154,418	25,135,144
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	99,712	83,665	68,544	43,384	45,386
17. Total members months (Column 6, Line 7)	1,108,862	924,562	700,810	482,570	528,609
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)	71.0	74.8	83.7	82.8	93.2
20. Cost containment expenses	3.3	4.0	4.5	3.3	2.9
21. Other claims adjustment expenses	2.9	3.7	3.8	4.9	3.3
22. Total underwriting deductions (Line 23)	85.6	90.4	100.6	101.3	107.8
23. Total underwriting gain (loss) (Line 24)	14.4	9.6	(0.6)	(1.3)	(7.8)
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	76,131,144	90,428,857	87,521,465	102,250,850	141,923,205
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	115,267,029	90,094,198	89,082,006	103,589,199	140,822,974
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.	0	0	0	0	0

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

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	N						0	
2. Alaska	AK	N						0	
3. Arizona	AZ	N						0	
4. Arkansas	AR	L	244,243,960					244,243,960	
5. California	CA	N						0	
6. Colorado	CO	N						0	
7. Connecticut	CT	N						0	
8. Delaware	DE	N						0	
9. District of Columbia	DC	N						0	
10. Florida	FL	N						0	
11. Georgia	GA	L	593,566,452					593,566,452	
12. Hawaii	HI	N						0	
13. Idaho	ID	N						0	
14. Illinois	IL	N						0	
15. Indiana	IN	N						0	
16. Iowa	IA	N						0	
17. Kansas	KS	N						0	
18. Kentucky	KY	N						0	
19. Louisiana	LA	N						0	
20. Maine	ME	N						0	
21. Maryland	MD	N						0	
22. Massachusetts	MA	N						0	
23. Michigan	MI	N						0	
24. Minnesota	MN	N						0	
25. Mississippi	MS	N						0	
26. Missouri	MO	L	219,706,172					219,706,172	
27. Montana	MT	N						0	
28. Nebraska	NE	N						0	
29. Nevada	NV	N						0	
30. New Hampshire	NH	N						0	
31. New Jersey	NJ	N						0	
32. New Mexico	NM	N						0	
33. New York	NY	N						0	
34. North Carolina	NC	N						0	
35. North Dakota	ND	N						0	
36. Ohio	OH	N						0	
37. Oklahoma	OK	N						0	
38. Oregon	OR	N						0	
39. Pennsylvania	PA	N						0	
40. Rhode Island	RI	N						0	
41. South Carolina	SC	L	577,542,647					577,542,647	
42. South Dakota	SD	N						0	
43. Tennessee	TN	N						0	
44. Texas	TX	N						0	
45. Utah	UT	N						0	
46. Vermont	VT	N						0	
47. Virginia	VA	N						0	
48. Washington	WA	N						0	
49. West Virginia	WV	N						0	
50. Wisconsin	WI	N						0	
51. Wyoming	WY	N						0	
52. American Samoa	AS	N						0	
53. Guam	GU	N						0	
54. Puerto Rico	PR	N						0	
55. U.S. Virgin Islands	VI	N						0	
56. Northern Mariana Islands	MP	N						0	
57. Canada	CAN	N						0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Subtotal	XXX	0	1,635,059,231	0	0	0	0	1,635,059,231	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 4	0	1,635,059,231	0	0	0	0	1,635,059,231	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

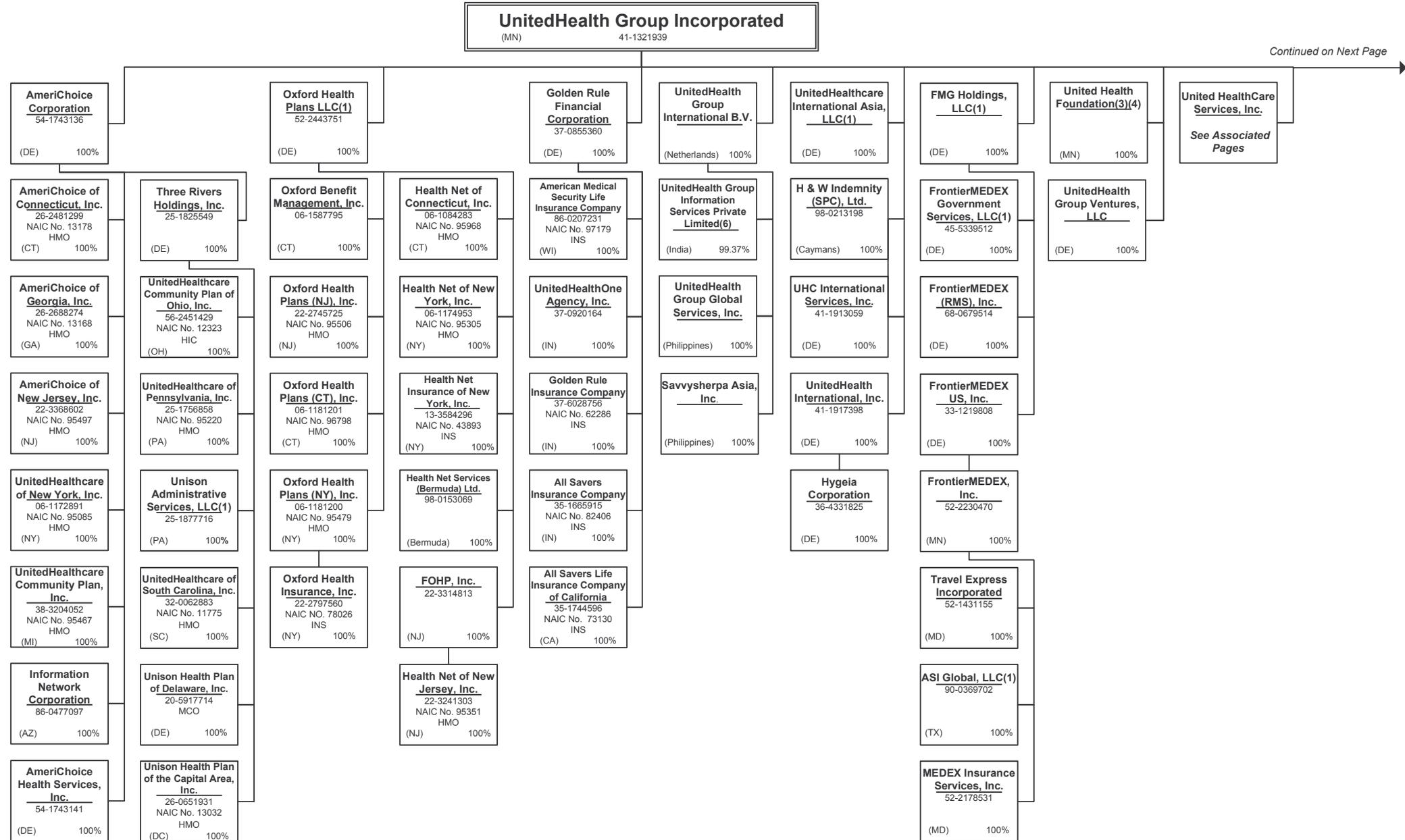
Explanation of basis of allocation by states, premiums by state, etc.

Allocated based on membership.

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

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

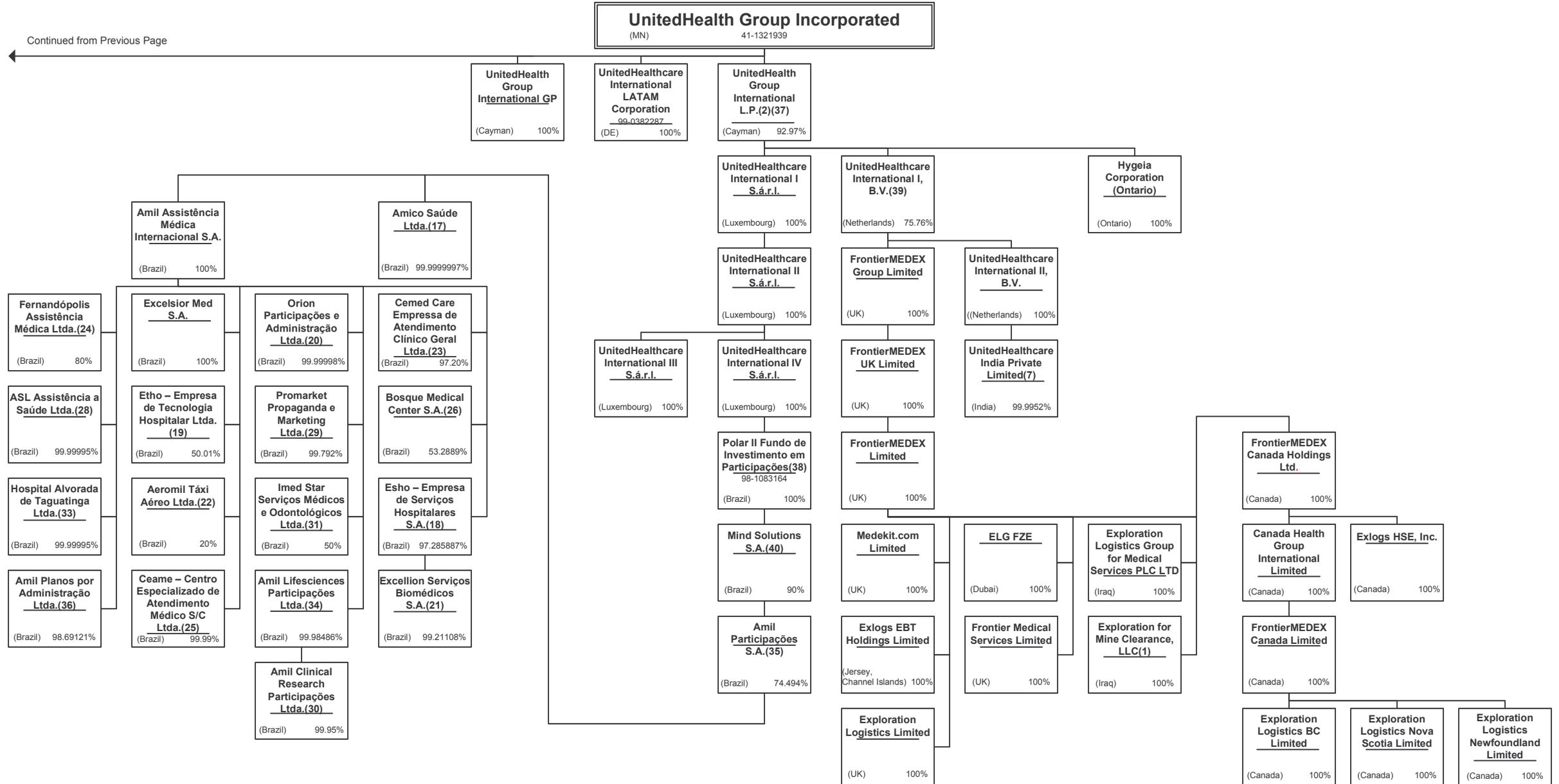
PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



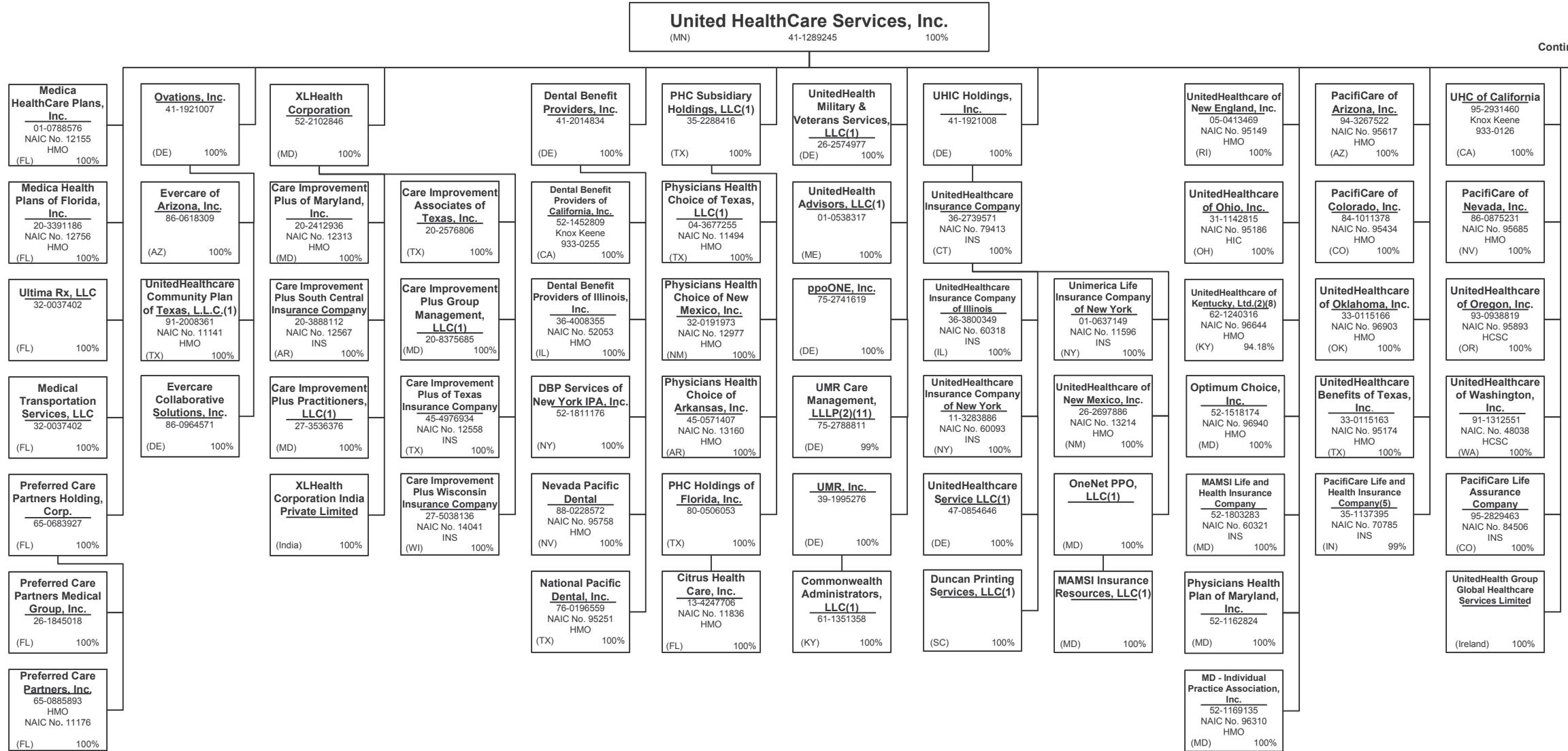
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SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

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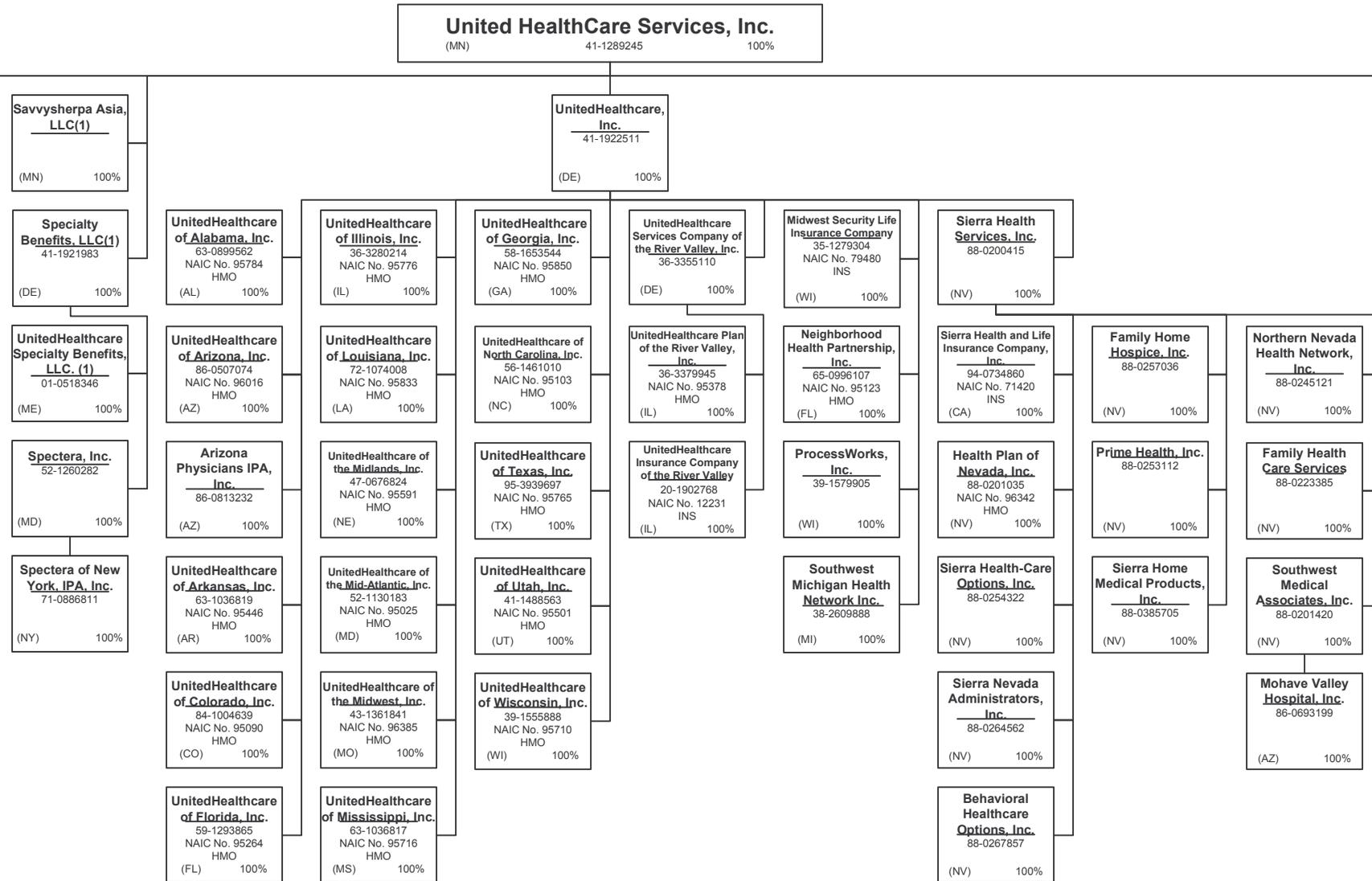
40.2

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

PART 1 - ORGANIZATIONAL CHART

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40.3

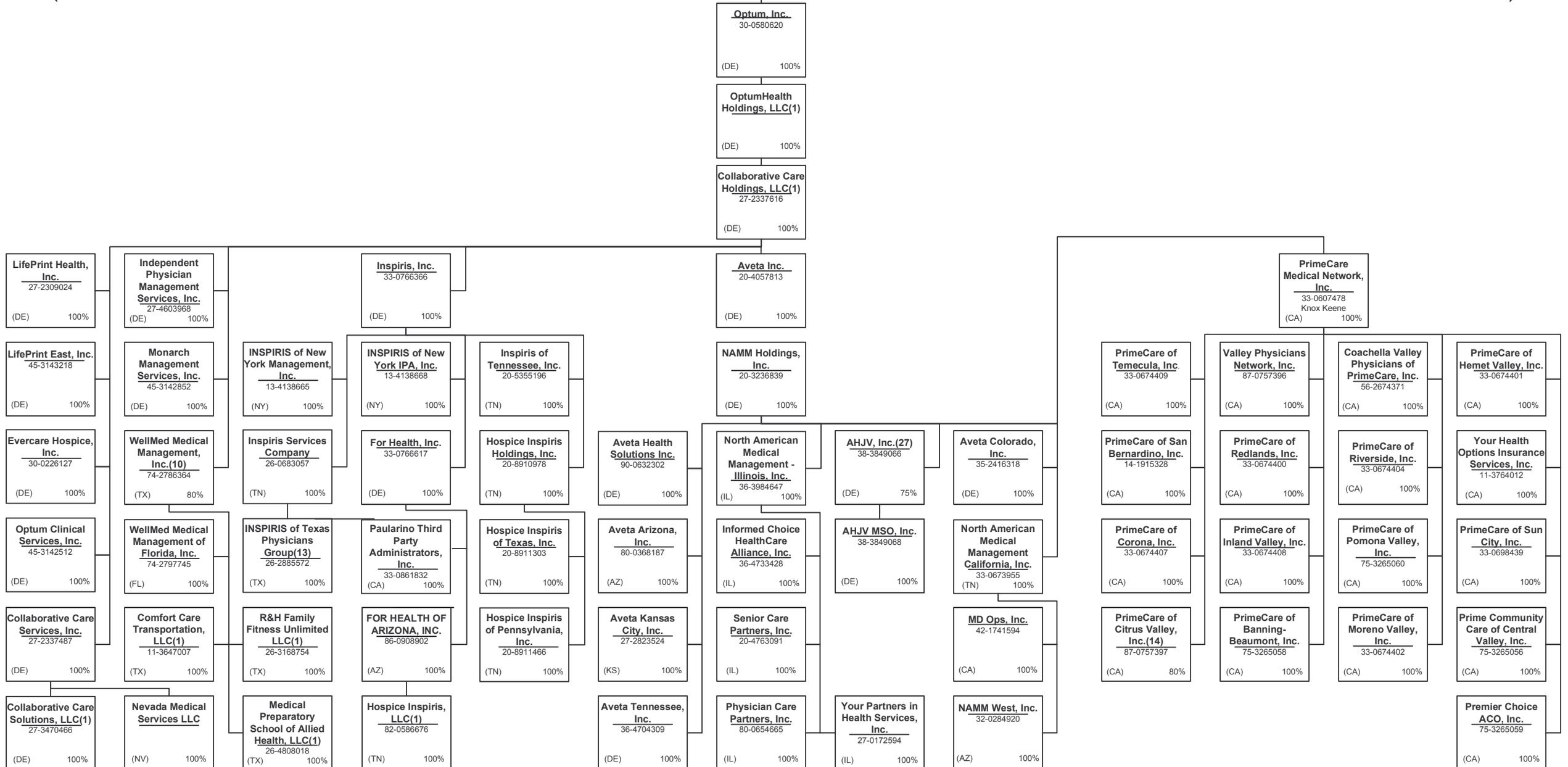
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

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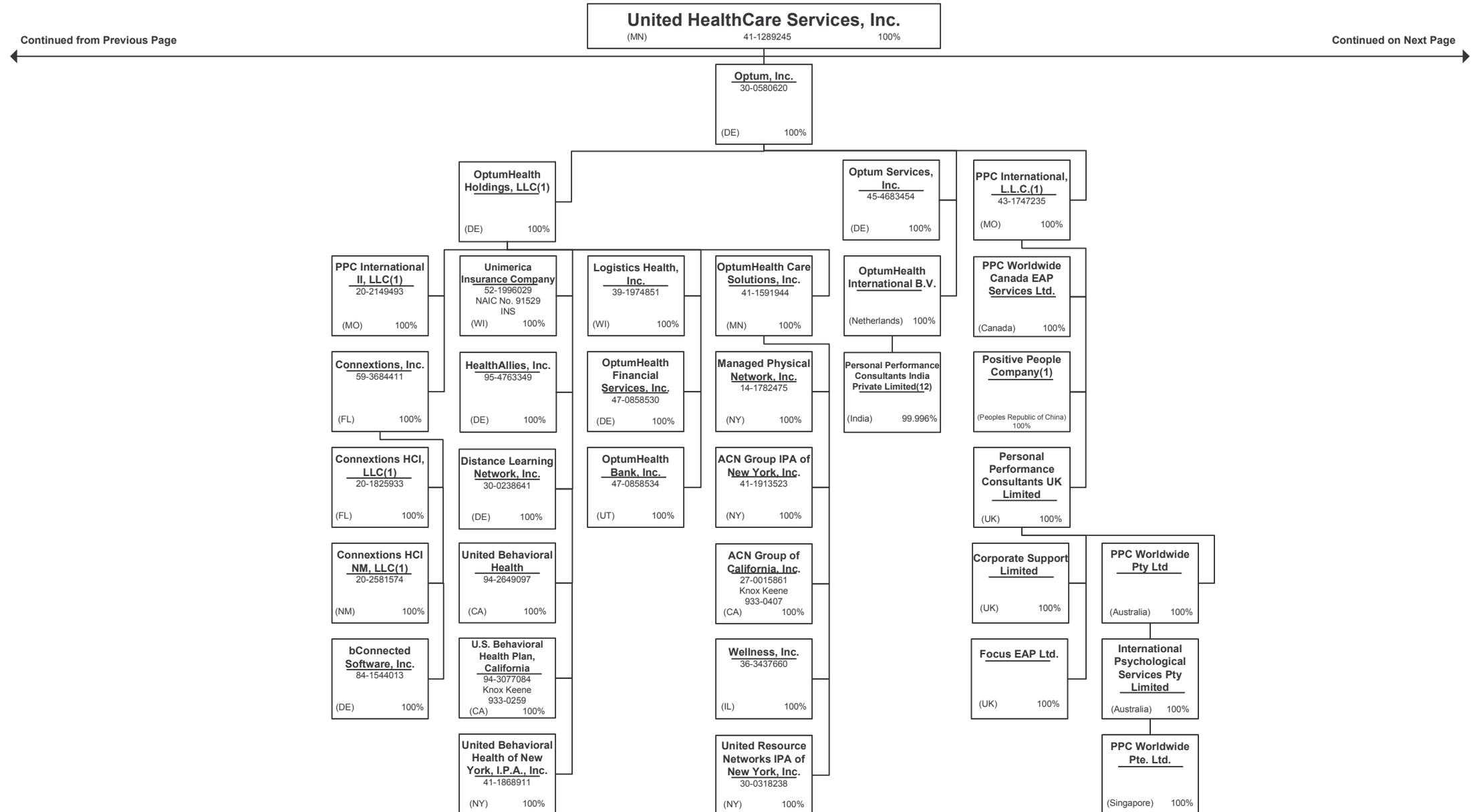
United HealthCare Services, Inc.
(MN) 41-1289245 100%



40.4

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

PART 1 - ORGANIZATIONAL CHART



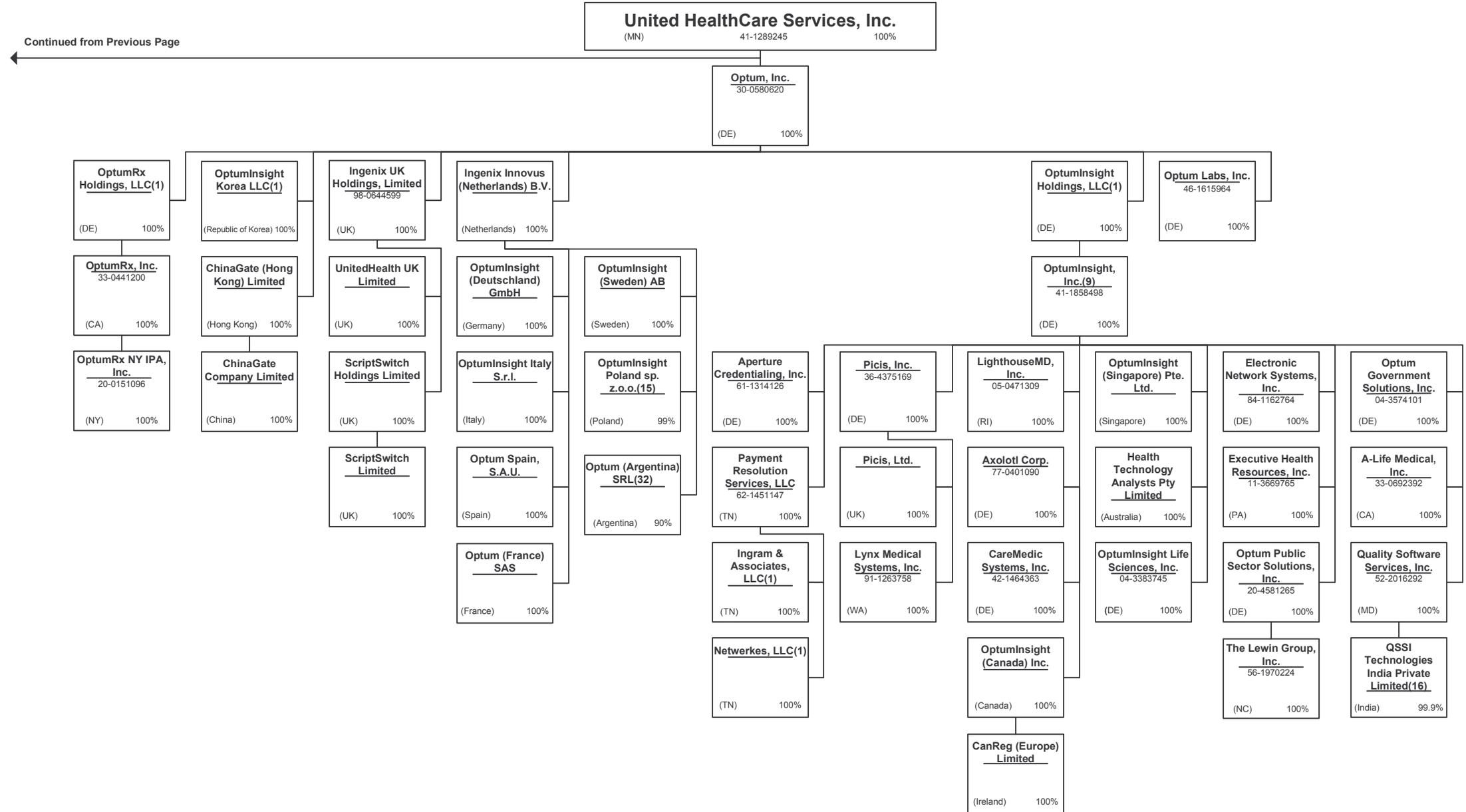
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40.5

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

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART

Notes

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

(1) Entity is a Limited Liability Company

(2) Entity is a Partnership

(3) Entity is a Non-Profit Corporation

(4) Control of the Foundation is based on sole membership, not the ownership of voting securities

(5) PacifiCare Life and Health Insurance Company is 99% owned by PacifiCare Health Plan Administrators, Inc. and 1% owned by PacifiCare Health Systems, LLC

(6) UnitedHealth Group Information Services Private Limited is 99.37% owned by UnitedHealth Group International B.V.. The remaining 0.63% is owned by UnitedHealth International, Inc.

(7) United Healthcare India Private Limited is 99.9952% owned by UnitedHealthcare International II B.V. and 0.0048% owned by UnitedHealth International, Inc.

(8) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, United HealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83%.

(9) Established a branch, Ingenix, Inc. – Abu Dhabi, located in Abut Dhabi, UAE.

(10) WellMed Medical Management, Inc. is 80% owned by Collaborative Care Holdings, LLC and 20% owned by WMG Healthcare Partners, L.P.

(11) Limited partnership interest is held by United HealthCare Services, Inc. (99%). General partnership interest is held by UMR, Inc. (1%)

(12) Personal Performance Consultants India Private Limited is 99.996% owned by OptumHealth International B.V. and 0.004 % owned by United Behavioral Health.

(13) INSPIRIS of Texas Physicians Group is a Texas non-profit (taxable) whose sole member is Inspiris Services Company.

(14) PrimeCare of Citrus Valley, Inc. is 80% owned by PrimeCare Medical Network, Inc. and 20% owned by Citrus Valley Medical Associates, Inc.

(15) OptumInsight Poland sp. z.o.o. is 99% owned by Ingenix Innovus (Netherlands) B.V. The remaining 1% is owned by OptumInsight, Inc.

(16) QSSI Technologies India Private Limited is 99.9% owned by Quality Software Services, Inc. and 0.1% owned by an Indian citizen.

(17) Amico Saúde Ltda. is 99.9999997% owned by Amil Participações S.A. and 0.0000003% owned by and officer of Amil.

(18) Esho – Empresa de Serviços Hospitalares S.A is 97.285887% owned by Amil Assistência Médica Internacional S.A.; 0.224917% owned by Amico Saúde Ltda.; 0.094901 owned by Treasury Shares and 2.4% owned by external shareholders.

(19) Etho – Empresa de Tecnologia Hospitalar Ltda. 50.01% owned by Amil Assistência Médica Internacional S.A. and 49.99% owned by an external shareholder.

(20) Orion Participações e Administração Ltda. is 99.99998% owned by Amil Assistência Médica Internacional S.A. and 0.00002% owned by Amico Saúde Ltda.

(21) Excellion Serviços Biomédicos S.A. is 99.21108% owned by Esho – Empresa de Serviços Hospitalares S.A and 0.78892% owned by external shareholders.

Continued on Next Page Page

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

PART 1 - ORGANIZATIONAL CHART

Notes

Continued from Previous Page

- (22) Aeromil Táxi Aéreo Ltda. Is 20% owned by Amil Assistência Médica Internacional S.A. and 80% owned by the Chairman and CEO of Amil.
- (23) Cemed Care Empresa de Atendimento Clínico Geral Ltda. Is 97.20% owned by Amil Assistência Médica Internacional S.A. and 2.8% owned by Amico Saúde Ltd.
- (24) Fernandópolis Assistência Médica Ltda. is 80% owned by Amil Assistência Médica Internacional S.A. and 20% owned by an external shareholder.
- (25) Ceame – Centro Especializado de Atendimento Médico S/C Ltda. Is 99.99% owned by Amil Assistência Médica Internacional S.A. and 0.01% owned by Cemed Care Empresa de Atendimento Clínico Geral Ltda.
- (26) Bosque Medical Center S.A. is 53.2889% owned by Amil Assistência Médica Internacional S.A.; 33.7727% owned by Amico Saúde Ltd. and 12.9384% owned by Esho – Empresa de Serviços Hospitalares S.A.
- (27) AHJV, Inc. is 75% owned by NAMB Holdings, Inc. and 25% owned by Humana, Inc.
- (28) ASL Assistência a Saúde Ltda. Is 99.99995% owned by Amil Assistência Médica Internacional S.A and 0.00005% owned by an officer of Amil.
- (29) Promarket Propaganda e Marketing Ltda. is 99.792% owned by Amil Assistência Médica Internacional S.A and 0.208% owned by Amico Saúde Ltd.
- (30) Amil Clinical Research Participações Ltda. is 99.95% owned by Amil Lifesciences Participações Ltda. and .05% owned by an officer of Amil.
- (31) Imed Star Serviços Médicos e Odontológicos Ltda. is 50% owned by Amil Assistência Médica Internacional S.A and 50% owned by Amico Saúde Ltd.
- (32) Optum Argentina is 90% owned by Ingenix Innovus (Netherlands) BV and 10% owned by ScriptSwitch Holdings Limited.
- (33) Hospital Alvorada Taguatinga Ltda. Is 99.99995% owned by Amil Assistência Médica Internacional S.A. and 0.00005% owned by an officer of Amil.
- (34) Amil Lifesciences Participações Ltda. Is 99.98486% owned by Amil Assistência Médica Internacional S.A and 0.01514% owned by an officer of Amil.
- (35) Amil Participações S.A. is 74.49% owned by Mind Solutions S.A and the remaining 25.51% is owned by other parties.
- (36) Amil Planos por Administração Ltda. is 98.69121% owned by Amil Assistência Médica Internacional S.A; 1.30196% owned by Amico Saúde Ltd and 0.00683% owned by an officer of Amil.
- (37) The limited partners of UnitedHealth Group International, L.P. include FMG Holdings, LLC (4.41%), UnitedHealthcare International LATAM Corporation (2.3%), Hygeia Corporation (DE) (0.33%) and UnitedHealth Group Incorporated (92.97%). UnitedHealth Group International GP is the general partner of UnitedHealth Group International, L.P.
- (38) Polar II Fundo de Investimento em Participações is a Brazilian private equity investment fund incorporated in the form of a closed-end condominium.
- (39) UnitedHealthcare International I, B.V. is 75.76% owned by UnitedHealth Group International L.P. and 24.24% owned by UnitedHealth Group International B.V.
- (40) Mind Solutions S.A. is 90% owned by Polar II Fundo de Investimento em Participações and 10% owned by Amil's founders.

OVERFLOW PAGE FOR WRITE-INS

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