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ANNUAL STATEMENT

For the Year Ended December 31, 2012

of the Condition and Affairs of the

Express Scripts Insurance Company

NAIC Group Code..... , (Current Period) (Prior Period) NAIC Company Code..... 60025 Employer's ID Number..... 86-0754726

Organized under the Laws of Arizona State of Domicile or Port of Entry Arizona Country of Domicile US

Licensed as Business Type.....Life, Accident & Health Is HMO Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized..... February 23, 1994 Commenced Business..... February 23, 1994

Statutory Home Office 7909 South Hardy Drive….. Tempe ..... AZ ..... United States of America …. 85284
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 7909 South Hardy Drive….. Tempe ..... AZ ..... United States of America …. 85284866-332-5455-345966
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address One Express Way, Mailstop HQ2E04….. Saint Louis ..... MO ..... United States of America …. 63121
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records One Express Way; Mailstop: HQ2E04….. St. Louis ..... MO ..... United States of America …. 63121
800-332-5455-345966
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.express-scripts.com

Statutory Statement Contact Kelia D Clements 800-332-5455-345966
(Name) (Area Code) (Telephone Number) (Extension)
kdclements@express-scripts.com 866-276-7055
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Britton Pim	President & Chief Executive Officer	2. Jeffrey Hall	Chief Financial Officer
3. Matthew Harper	Treasurer	4. Keith Ebling	Secretary

OTHER

Marty P. Akins Assistant Secretary

DIRECTORS OR TRUSTEES

Pat McNamee Jeffrey Hall Ed Ignaczak Keith Ebling

State of..... Missouri
County of..... Saint Louis

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.

(Signature)	(Signature)	(Signature)
Britton Pim	Jeffrey Hall	Matthew Harper
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President & Chief Executive Officer	Chief Financial Officer	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This 25th day of February 2013

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

Robert B. Fuller, Notary Public
St. Louis County, State of Missouri
My Commission Expires 08/03/2015
Commission Number 11423992

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)			0	
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....1,924,871, Schedule E-Part 1), cash equivalents ($.....0, Schedule E-Part 2) and short-term investments ($.....24,440,937, Schedule DA)	26,365,808		26,365,808	28,775,019
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)			0	
9. Receivables for securities			0	
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	26,365,808	0	26,365,808	28,775,019
13. Title plants less $.....0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	1,177		1,177	976
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans	20,318,830		20,318,830	3,042,417
18.1 Current federal and foreign income tax recoverable and interest thereon			0	
18.2 Net deferred tax asset	8,228		8,228	2,025
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets ($.....0)			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	33,895,469		33,895,469	
24. Health care ($.....0) and other amounts receivable			0	
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)	80,589,512	0	80,589,512	31,820,437
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTALS (Lines 26 and 27)	80,589,512	0	80,589,512	31,820,437

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
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.			0	
2502.			0	
2503.			0	
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 Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....0 reinsurance ceded)	151,000		151,000	316,200
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses	3,000		3,000	6,300
4. Aggregate health policy reserves, including the liability of $.....0 for medical loss ratio rebate per the Public Health Service Act			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance			0	
9. General expenses due or accrued	24,500		24,500	18,500
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))	127,704		127,704	2,824,341
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others			0	
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates			0	4,436,043
16. Derivatives			0	
17. Payable for securities			0	
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties with ($.....0 authorized reinsurers, $.....0 unauthorized and $.....0 certified reinsurers)			0	
20. Reinsurance in unauthorized and certified ($.....0) companies			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans	62,301,155		62,301,155	6,054,025
23. Aggregate write-ins for other liabilities (including $.....0 current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	62,607,359	0	62,607,359	13,655,409
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	2,600,000	2,600,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	6,330,976	6,330,976
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	9,051,177	9,234,052
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 $.....0)	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 $.....0)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	17,982,153	18,165,028
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	80,589,512	31,820,437

DETAILS OF WRITE-INS

2301.			0	
2302.			0	
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		
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	0
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 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	598,486	245,224
2. Net premium income (including $.....0 non-health premium income)	XXX	84,078,224	44,773,898
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
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	84,078,224	44,773,898
Hospital and Medical:			
9. Hospital/medical benefits			
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs		102,299,814	44,317,947
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)	0	102,299,814	44,317,947
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)	0	102,299,814	44,317,947
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....0 cost containment expenses		3,000	6,300
21. General administrative expenses		(17,966,261)	(7,016,161)
22. Increase in reserves for life and accident and health contracts including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	0	84,336,553	37,308,086
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(258,329)	7,465,812
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		5,219	51,163
26. Net realized capital gains or (losses) less capital gains tax of $.....0			
27. Net investment gains or (losses) (Lines 25 plus 26)	0	5,219	51,163
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	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	(253,110)	7,516,975
31. Federal and foreign income taxes incurred	XXX	(64,033)	2,608,327
32. Net income (loss) (Lines 30 minus 31)	XXX	(189,077)	4,908,648

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	18,165,028	13,256,001
34. Net income or (loss) from Line 32	(189,077)	4,908,648
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains and (losses) less capital gains tax of $.....0		
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	6,202	379
39. Change in nonadmitted assets		
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(182,875)	4,909,027
49. Capital and surplus end of reporting period (Line 33 plus 48)	17,982,153	18,165,028

DETAILS OF WRITE-INS

4701. Independent Auditor's Adjustment as Stated in Audit including tax provision true-up		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	84,078,224	44,773,898
2. Net investment income	5,018	54,212
3. Miscellaneous income		
4. Total (Lines 1 through 3)	84,083,242	44,828,110
5. Benefit and loss related payments	102,465,014	44,250,747
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	(56,936,678)	(11,060,798)
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	2,632,604	1,039,624
10. Total (Lines 5 through 9)	48,160,940	34,229,572
11. Net cash from operations (Line 4 minus Line 10)	35,922,302	10,598,538
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	0
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	0	0
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(38,331,513)	(19,297,120)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(38,331,513)	(19,297,120)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(2,409,211)	(8,698,583)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	28,775,019	37,473,602
19.2 End of year (Line 18 plus Line 19.1)	26,365,808	28,775,019

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

20.0001		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	84,078,224								84,078,224	
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $.....0 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)	84,078,224	0	0	0	0	0	0	0	84,078,224	0
8. Hospital/medical benefits	0									XXX
9. Other professional services	0									XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	0									XXX
12. Prescription drugs	102,299,814								102,299,814	XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	102,299,814	0	0	0	0	0	0	0	102,299,814	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	102,299,814	0	0	0	0	0	0	0	102,299,814	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....0 cost containment expenses	3,000								3,000	
20. General administrative expenses	(17,966,261)								(17,966,261)	
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	84,336,553	0	0	0	0	0	0	0	84,336,553	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(258,329)	0	0	0	0	0	0	0	(258,329)	0

DETAILS OF WRITE-INS

0501.	0									XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	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. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				0
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid				0
8. Other health	84,078,224			84,078,224
9. Health subtotal (Lines 1 through 8)	84,078,224	0	0	84,078,224
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	84,078,224	0	0	84,078,224

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	102,465,014								102,465,014	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	102,465,014	0	0	0	0	0	0	0	102,465,014	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	151,000								151,000	
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	151,000	0	0	0	0	0	0	0	151,000	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	0									
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	316,200								316,200	
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	0									
8.4 Net	316,200	0	0	0	0	0	0	0	316,200	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	0									
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	102,299,814	0	0	0	0	0	0	0	102,299,814	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	102,299,814	0	0	0	0	0	0	0	102,299,814	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct	151,000								151,000	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	151,000	0	0	0	0	0	0	0	151,000	0
2. Incurred but unreported:										
2.1 Direct	0									
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	0	0	0	0	0	0	0	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	151,000	0	0	0	0	0	0	0	151,000	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	151,000	0	0	0	0	0	0	0	151,000	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid					0	
8. Other health	63,315	102,401,699		151,000	63,315	316,200
9. Health subtotal (Lines 1 to 8)	63,315	102,401,699	0	151,000	63,315	316,200
10. Healthcare receivables (a)					0	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts					0	
13. Totals (Lines 9 - 10 + 11 + 12)	63,315	102,401,699	0	151,000	63,315	316,200

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED 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	477				
2. 2008	6,619	287			
3. 2009	XXX	16,667	102		
4. 2010	XXX	XXX	27,385	288	
5. 2011	XXX	XXX	XXX	43,963	63
6. 2012	XXX	XXX	XXX	XXX	103,034

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					
2. 2008	7,248	287			
3. 2009	XXX	17,043	102		
4. 2010	XXX	XXX	27,258	288	
5. 2011	XXX	XXX	XXX	44,030	63
6. 2012	XXX	XXX	XXX	XXX	102,869

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008	11,201	6,906		0.0	6,906	61.7			6,906	61.7
2. 2009	20,649	16,769	4	0.0	16,773	81.2			16,773	81.2
3. 2010	30,472	27,674		0.0	27,674	90.8			27,674	90.8
4. 2011	44,774	44,026		0.0	44,026	98.3			44,026	98.3
5. 2012	99,297	103,034		0.0	103,034	103.8	151	3	103,188	103.9

U & I Ex.-Pt.2C-Sn A-Paid Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

NONE

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					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008					0	0.0			0	0.0
2. 2009				0.0	0	0.0			0	0.0
3. 2010				0.0	0	0.0			0	0.0
4. 2011				0.0	0	0.0			0	0.0
5. 2012				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	477				
2. 2008	6,619	287			
3. 2009	XXX	16,667	102		
4. 2010	XXX	XXX	27,385	288	
5. 2011	XXX	XXX	XXX	43,963	63
6. 2012	XXX	XXX	XXX	XXX	102,402

SECTION B - INCURRED HEALTH CLAIMS - OTHER

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					
2. 2008	7,248	287			
3. 2009	XXX	17,043	102		
4. 2010	XXX	XXX	27,258	288	
5. 2011	XXX	XXX	XXX	44,030	63
6. 2012	XXX	XXX	XXX	XXX	102,237

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2008	11,201	6,906		0.0	6,906	61.7			6,906	61.7
2. 2009	20,649	16,769	4	0.0	16,773	81.2			16,773	81.2
3. 2010	30,472	27,674		0.0	27,674	90.8	249	5	27,928	91.7
4. 2011	44,774	44,026		0.0	44,026	98.3	316	6	44,348	99.0
5. 2012	84,078	102,402		0.0	102,402	121.8	151	3	102,556	122.0

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 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 $.....0) for investment income	0								
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	0	0	0	0	0	0	0	0	0
7. Reinsurance ceded	0								
8. Totals (net) (Page 3, Line 4)	0	0	0	0	0	0	0	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

NONE

DETAILS OF WRITE-INS

0501.	0								
0502.	0								
0503.	0								
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.	0								
1102.	0								
1103.	0								
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($.....0 for occupancy of own building)					0
2. Salaries, wages and other benefits					0
3. Commissions (less $.....0 ceded plus $.....0 assumed)					0
4. Legal fees and expenses					0
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services			78,429		78,429
7. Traveling expenses					0
8. Marketing and advertising			1,221,569		1,221,569
9. Postage, express and telephone					0
10. Printing and office supplies					0
11. Occupancy, depreciation and amortization					0
12. Equipment					0
13. Cost or depreciation of EDP equipment and software					0
14. Outsourced services including EDP, claims, and other services		3,000	19,214,264		19,217,264
15. Boards, bureaus and association fees					0
16. Insurance, except on real estate					0
17. Collection and bank service charges			8,861		8,861
18. Group service and administration fees			4,241,506		4,241,506
19. Reimbursements by uninsured plans			(42,888,037)		(42,888,037)
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					0
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees			157,147		157,147
23.4 Payroll taxes					0
23.5 Other (excluding federal income and real estate taxes)					0
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)	0	3,000	(17,966,261)	0	(a) (17,963,261)
27. Less expenses unpaid December 31, current year		3,000	24,500		27,500
28. Add expenses unpaid December 31, prior year		6,300	18,500		24,800
29. Amounts receivable relating to uninsured plans, prior year			3,042,417		3,042,417
30. Amounts receivable relating to uninsured plans, current year			20,318,830		20,318,830
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	6,300	(695,848)	0	(689,548)

DETAILS OF WRITE-INS

2501.					0
2502.					0
2503.					0
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 $.....19,217,264 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)	
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 4,042	5,219
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	4,042	5,219
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		0
17.	Net investment income (Line 10 minus Line 16)		5,219

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds			0		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)			0		
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)			0		
2.21	Common stocks of affiliates			0		
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets			0		
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	0	0	0	0	0

NONE

DETAILS OF WRITE-INS

0901.				0		
0902.				0		
0903.				0		
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 NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset			0
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable			0
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 through 25)	0	0	0
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	0	0	0

NONE

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
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.			0
2502.			0
2503.			0
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
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health maintenance organizations						
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service						
5. Indemnity only						
6. Aggregate write-ins for other lines of business	21,359	146,232	148,009	150,721	153,524	598,486
7. Total	21,359	146,232	148,009	150,721	153,524	598,486

DETAILS OF WRITE-INS

0601. Stand-alone Medicare Part D Prescription Drug Provider	21,359	146,232	148,009	150,721	153,524	598,486
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)	21,359	146,232	148,009	150,721	153,524	598,486

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Principles

The financial statements of Express Scripts Insurance Company are presented on the basis of accounting practices prescribed or permitted by the State of Arizona Department of Insurance (the "Department").

The State of Arizona Department of Insurance recognized only statutory accounting practices prescribed or permitted by the State of Arizona for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under Arizona Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Arizona.

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

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

C. Accounting Policy

Balance Sheet

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash also includes savings accounts, Department (as defined above) deposits and certificates of deposit with original maturities of three months or less. In compliance with the state of Arizona's request in December 2008, the Company diversified its working cash bank accounts in JP Morgan Chase to comply with the state of domicile's (Arizona) 10 percent diversification regulation AR 20-535 limitation on percentage of assets invested with single person. The Company worked with JP Morgan Chase to diversify in various JP Morgan Fund Family fund accounts while meeting the needs of the Company and other requirements of states that required diversification on their behalf during the Expansion Application process. The Company continues to monitor its diversification methodologies while being in compliance with regulation AR 20-535 limitations. In June 2010, the Company deposited $50,000 into a Wells Fargo FDIC Insured Commercial Checking (Restricted) account as requested by the state of California during the licensure process and received the Certificate of Authority from California DMHC in November. The balances of these accounts as of December 31, 2012 are as follows:

Cash:	
Bank of America Fixed Income 12 month CD (Restricted AR)	$ 100,272
JP Morgan Chase Bank - Chicago, Illinois	1,719,551
US Bank - Fixed Income 12 month CD (Restricted GA)	35,005
US Bank – FDIC Insured Commercial Checking (Unrestricted OR)	19,862
Wells Fargo - FDIC Insured Commercial Checking (Restricted CA)	50,181
Total Cash	$ 1,924,871

Short-Term Investments - Short-term investments include investments in U.S. Treasury Bills with a maturity of twelve months or less. The investments maintained in an account with Union Bank are to fulfill the minimum account balances required for the Company's Certificate of Authority with the state of Arizona as well as other states with which the Company has applied for licenses. The account with Union Bank has restrictions on access to the funds. The state of North Carolina has refunded $200,000 of the restricted amount to the company due to the agreements set forth at the time of licensure. The balances of these accounts as of December 31, 2012 are as follows:

Short-term Investments:	
Bank of America Federated US Treasury 125 Fund (Restricted NH)	$ 250,034
Citibank ISD Global Concentration (Restricted MA)	100,000
SunTrust Ridgeworth US Treasury (Restricted VA)	500,000
US Bank – First American Treasury (Restricted NC)	400,007
Union Bank – U S Treasury Bill (Restricted AZ - Others)	1,577,835
US Bank – US Treasury Bills (Unrestricted OR & Others)	4,999,580
JPM Funds – US Govt Sec	1,501,242
Federated Funds – US Treas Cash Res Fund	1,500,162
Federated Funds – US Treas Prime Cash Obligation	1,503,198
Federated Funds – US Treas Govt Obligation	1,550,989
Federated Funds – US Treas Treas Obligation	1,550,428
Dreyfus Funds – Cash Management Participant Shares	1,500,957
Dreyfus Funds – Institutional Cash Adv Inst Shares	1,554,830
Goldman Funds – Prime Mutual	1,500,448
Goldman Funds – Government	1,500,422
Goldman Funds – Money Market Mutual Fund	1,500,509
Goldman Funds – Federal MMKt Mtl Fnd	1,450,296
Total Short-term Investments	$24,440,937

The Company worked with various states during the Expansion Application process to meet their requirements while maintaining those of the state of domicile. The Company diversified its working cash bank accounts in JP Morgan Chase to comply with the state of domicile's diversification regulation AR 20-535. The results of that diversification include

monies in several Fund Accounts - JPM Funds, Federated Funds, Dreyfus Funds and Goldman Funds. The diversification of the JP Morgan Chase working bank accounts meets the requirements of the state of domicile (Arizona) and the various states the Company worked with during the Expansion Application process.

To meet particular states' requirements during the Expansion Application process the Company deposited required amounts into restricted investments as required by those states. These states are New Hampshire, Arkansas, Massachusetts, Virginia, Georgia, North Carolina and California.

Intercompany Payables and Receivables - Intercompany amounts result from operations in the normal course of business, including expenses paid on behalf of the Company by the parent corporation, Express Scripts Senior Care Holdings, Inc.

Amounts Receivable Relating to Uninsured Plans - The Company adjusted the receivable at December 31, 2012 based on estimates. These estimates include Reinsurance and Low-Income Cost Sharing (LICS) settlements the Company would expect to receive after CMS performs their annual reconciliations in 2013. Note that for employer group waiver plans (EGWPs), CMS does not make prospective subsidy payments; therefore, both reinsurance and LICS are receivables. An outside actuarial service opined on the 2012 receivable numbers during the annual statutory filing process in accordance with published guidance from the American Academy of Actuaries for the end-of-the year statutory reporting of these Part D reconciliation items.

Common Stock - Common Stock represents shares of ownership by the parent company. As of December 31, 2012, a total of 2,600,000 shares of stock have been issued to the parent company, Express Scripts Senior Care Holdings, Inc. at a par value of $1 per share.

Income Statement

Revenue Recognition - The Company offers benefits under a funded Nationwide Stand-Alone Medicare Part D Plan. Premiums are billed monthly and are recorded as revenue in the period billed. Premiums received in advance are recorded as a liability and classified as revenue in the period to which they relate.

Claim Cost - Prescription drug claims are recorded as expense in the period in which the prescription is filled.

Intercompany Transactions - The Company's parent corporation, Express Scripts Senior Care Holdings, Inc., performs administrative services for the Company, including processing prescription drug claims and invoicing members for premiums. The Company pays Express Scripts Senior Care Holdings, Inc. for prescription drug costs and other costs associated with administering the program, under an intercompany agreement on file with the State of Arizona.

General Administrative Expenses - The Company provides administrative services for self-insured EGWPs, for which it received administrative fees of $42,888,037 for the twelve months ended December 31, 2012 and $19,815,929 for the twelve months ended December 31, 2011. These administrative fees are netted within general administrative expenses in accordance with SSAP No. 3.

General Administrative Expenses	
Self funded (non-risk) admin fee received (SSAP 47)	$ (42,888,037)
Software and other misc. expense	24,689,200
Professional fees	78,429
Insurance taxes, licenses and fees	154,147
	$ (17,966,261)

Note 2 - Accounting Changes and Corrections of Errors

Not Applicable.

Note 3 - Business Combinations and Goodwill

Not Applicable.

Note 4 - Discontinued Operations

Not Applicable.

Note 5 - Investments

The Company's investments consist of First American Treasury Obligation held by U.S. Bank, US Treasury Bonds and U.S. Treasury Bills, JP Morgan Funds, Federated Funds, Dreyfus Funds, Goldman Funds. In addition, the Company deposited required amounts into restricted investments as required by New Hampshire, Arkansas, Massachusetts, Virginia, Georgia and North Carolina and an unrestricted US Bank to meet an unrestricted Oregon security deposit holding U.S. Treasury Bills. Additionally, the New York Department of Insurance requested diversification of cash and investments into more U.S. Treasury Bills to meet the state's regulations. As a result, the Company purchased two additional U.S. Treasury Bills in June 2010, each with a par value of $5,000,000, but they were purchased at a discounted rate. In December 2010, one U.S. Treasury Bill matured with a par value of $5,000,000 and a new U.S. Treasury Bill was purchased with a par value of $10,000,000 to continue to meet the New York

NOTES TO FINANCIAL STATEMENTS

Department of Insurance regulatory requirements. In June 2011, a U.S. Treasury Bill matured with a par value of $5,000,000 and a principal cost of $4,988,851 and a new U.S. Treasury Bill was purchased with a par value of $5,000,000 with a principal cost of $4,998,094 and a market value of $4,998,125. In August 2011, a U.S. Treasury Bill matured with a par value of $10,000,000 and a principal cost of $9,988,100. A new Treasury Bill was not purchased. $2,000,000 of the U.S. Treasury Bill maturity was held in unrestricted cash with the remaining $8,000,000 spread over the Federated, Dreyfus and Goldman Funds. Also note that the state of North Carolina refunded $200,000 of the total amount ($600,000) held in a restricted account due to fulfillment by the company of requirements designated by the state at the time of licensure.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

The Company doesn't have any investments in joint ventures, partnerships or limited liability companies.

Note 7 - Investment Income

The Company earned $5,219 of investment income for the period ended December 31, 2012.

Note 8 - Derivative Instruments

Not Applicable.

Note 9 - Income Taxes

A. The components of the net deferred tax asset/(liability) are as follows:

(1) DTA/DTL Components

	2012	2011	Change
	Total (All Ordinary)	Total (All Ordinary)	Total (All Ordinary)
(a) Gross deferred tax assets	8,228	2,025	6,204
(b) Statutory valuation allowance	-	-	-
(C) Adjusted gross deferred tax assets	8,228	2,025	6,204
(d) Gross deferred tax liabilities	-	-	-
(e) Net deferred tax asset/(liability) before non-admitted	8,228	2,025	6,204
(f) Non-admitted deferred tax assets	(0)	-	(0)
(g) Net deferred tax asset/(liability)	8,228	2,025	6,204

(2) Admission Calculation Components under SSAP No. 101

	2012	2011	Change
	Total (All Ordinary)	Total (All Ordinary)	Total (All Ordinary)
Admission calculation under 11.a. - 11.c.			
(a) Admitted Pursuant to 11.a.	8,228	2,025	6,203
(b) Admitted Pursuant to 11.b. (lesser of 11.b.i. or 11.b.ii.)	-	-	-
(c) 11.b.i	-	-	-
(d) 11.b.ii	1,381,835	1,722,847	(341,011)
(e) Admitted Pursuant to 11.c.	-	-	-
(f) Total admitted under 11.a. - 11.c.	8,228	2,025	6,203
(g) Deferred tax liabilities	-	-	-
Net admitted deferred tax asset/liability	8,228	2,025	6,203

(3) Threshold used in 11.b.

(h) ExDTA ACL RBC ratio	395%	396%	-1%
(i) ExDTA Surplus / Policyholders and Contingency Reserves Ratio	N/A	N/A	N/A
(j) Adjusted Gross DTA / Adjusted Capital and Surplus Ratio	N/A	N/A	N/A
(g) Amount of Adjusted Capital and Surplus used to determine recovery period and threshold above	18,143,212	18,165,028	(21,816)

(4) Impact of tax planning strategies on adjusted gross DTAs and net admitted DTAs

	Total	Total	Total

Adjusted gross DTAs - Amount	-	-	-
(a) Adjusted gross DTAs - Percentage	0%	0%	0%
Net admitted DTAs - Amount	0	0	0
(b) Net admitted DTAs - Percentage	0%	0%	0%

The entity has not entered into tax planning strategies involving reinsurance

B. Temporary differences for which deferred tax liabilities have not been established

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

C. Current tax and change in deferred tax:

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

	2012	2011
(a) Current federal income tax expense	(64,033)	2,608,327
(b) Foreign taxes	-	-
(c) Subtotal	(64,033)	2,608,327
(d) Tax on capital gains/(losses)	-	-
(e) Utilization of capital loss carryforwards	-	-
(f) Other, including prior year underaccrual/(overaccrual)	-	-
(g) Federal and foreign income taxes incurred	(64,033)	2,608,327

The company does not expect a significant increase in tax contingencies within the 12 month period following the balance sheet date

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

	December 31, 2012	December 31, 2011	Change
(2) Deferred Tax Assets:			
(a) Ordinary			
(1) Loss reserve discounting	762	1,904	(1,141)
(2) Unearned premium reserves	-	-	-
(3) Non-deductible accruals	-	-	-
(4) Net operating loss carryforwards	-	-	-
(5) Non-admitted assets	-	-	-
(6) AMT credit carryforwards	-	-	-
(7) Other (required to disclose items > 5%)	7,466	121	7,344
Gross Ordinary Deferred Tax Assets	8,228	2,025	6,204
(b) Statutory Valuation Allowance - Ordinary		-	-
(c) Nonadmitted Deferred Tax Assets - Ordinary	(0)	-	(0)
(d) Admitted Deferred Tax Assets - Ordinary	8,228	2,025	6,204
(e) Capital			
(1) State Income Taxes Accrual	-	-	-
(2) Capital Loss Carryforwards	-	-	-
(3) Other (required to disclose items > 5%)	-	-	-
(4) Tax effect of unrealized capital losses	-	-	-
Gross Capital Deferred Tax Assets	-	-	-
(f) Statutory Valuation Allowance - Capital	-	-	-
(g) Nonadmitted Deferred Tax Assets - Capital	-	-	-
(h) Admitted Deferred Tax Assets - Capital	-	-	-
(i) Total Admitted Deferred Tax Assets	8,228	2,025	6,204
(3) Deferred Tax Liabilities:			
(a) Ordinary			
(1) Deferred and uncollected permiums	-	-	-

(2) State Income Taxes Accrual	-	-	-
(3) Accretion of bond discount	-	-	-
(4) Other (required to disclose items > 5%)	-	-	-
Ordinary Deferred Tax Liabilities	-	-	-
(b) Capital			
(1) Investments	-	-	-
(2) Other (required to disclose items > 5%)	-	-	-
(3) Tax effect of unrealized capital gains	-	-	-
Capital Deferred Tax Liabilities	-	-	-
(c) Total Deferred Tax Liabililties	-	-	-
(4) Net deferred tax assets/liabilites	8,228	2,025	6,204

Tax effect of unrealized gains/(losses)	-
Less: Change in net admitted deferred tax assets as a result of the adoption of SSAP No. 101	-
Change in net admitted deferred tax assets (excluding the impact of the adoption of SSAP No. 101)	6,204

As of December 31, 2012, the Company did not have a statutory valuation allowance against the company's deferred tax assets.

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

	December 31, 2012	December 31, 2011	Change
Total deferred tax assets	8,228	2,025	6,204
Total deferred tax liabilities	-	-	-
Net deferred tax assets/liabilities	8,228	2,025	6,204
Statutory valuation allowance	-	-	-
Net deferred tax assets/liabilities after valuation allowance	8,228	2,025	6,204
Tax effect of unrealized gains/(losses)	-	-	-
Statutory valuation allowance on unrealized	-	-	-
Change in net deferred income tax [(expense)/benefit]	8,228	2,025	6,204

Less: Change in net admitted deferred tax assets as a result of the adoption of SSAP No. 101	-
Change in net admitted deferred tax assets (excluding the impact of the adoption of SSAP No. 101)	6,204

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

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

	Amount	Tax Effect	Effective Tax Rate
Income before taxes	(253,110)	(88,589)	35.00%
Tax Contingency Interest Expense	52,434	18,352	-7.25%
Interest maintenance reserve	0	-	0.00%
Meals & Entertainment	0	-	0.00%
Non-deductible club dues	0	-	0.00%
Change in statutory valuation allowance	0	-	0.00%
Change in non-admitted assets	0	-	0.00%
Other, including prior year true-up	0	-	0.00%
Total statutory income tax	(200,676)	(70,237)	27.75%
Federal income taxes incurred		(64,033)	25.30%
Tax on capital gains/(losses)		-	0.00%
Prior year overaccrual/(underaccrual)		-	0.00%
Change in net deferred income tax [expense/(benefit)]		(6,204)	2.45%
Total statutory income tax		(70,237)	27.75%

NOTES TO FINANCIAL STATEMENTS

E. Carryforwards, recoverable taxes, and IRC 6603 deposits

	December 31, 2012	December 31, 2011
The Company had net operating losses of:	-	-
The Company had capital loss carryforwards of:	-	-
The Company had AMT credit carryforwards of:	-	-

The Company does not have any unused net operating losses, capital losses, or AMT credis.

The following represents income tax expense for 2011, 2012 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2011	2,608,327	-	2,608,327
2012	-	-	-

Deposits admitted under IRC 6603

None

F. The Company's federal income tax return is consolidated with the following entities

Express Scripts Holding Company (Parent)	Express Scripts Canada Holding Co.
CFI of New Jersey Inc.	Curascript Inc.
Curascript PBM Services Inc.	Diversified Pharmaceutical Services Inc.
Diversified NY IPA Inc.	ESI Claims Inc.
ESI Mail Pharmacy Service Inc.	ESI GP Holdings Inc.
Expresss Scripts Utilization Management Co.	IVTX Inc.
Mooresville On-Site Pharmacy, LLC	National Prescription Administrators Inc.
NPA of New York IPA Inc.	Priority Healthcare Distribution Inc.
Priority Healthcare Corporation	Priority Healthcare Corporation West
Priority Healthcare Pharmacy Inc.	Freco Inc.
Lynnfield Compounding Center Inc.	Lynnfield Drug Inc.
Chesapeake Infusion Inc.	Sinuspharmacy Inc.
Byfield Drug Inc.	Healthbridge Reimbursement
Specialty Infusion Pharmacy Inc.	Spectracare Health Care Ventures Inc.
Priority Healthcarecom Inc.	Spectracare Infusion Pharmacy Inc.
Spectracare Inc.	Care Comtinuum Inc.
Spectracare Management Services Inc.	Express Scripts Specialty Distribution
Express Scripts Services Company	Express Scripts Pharmaceutical Procurement, LLC
Value Health, Inc.	Connectyourcare LLC
Yourpharmacy.com	Express Scripts WC, Inc.
First RX Inc.	ESI Mail Order Processing, Inc.
Ibiologic Inc.	ESI Acquisition, Inc.
Healthbridge Inc.	Express Scripts Senior Care Holdings Inc.
Express Scripts Senior Care Inc.	Express Reinsurance Company
Medco Health Solutions, Inc.	Medco Containment Insurance Company of NY
Medco Containment Life Insurance Company	MWD Insurance Company
Medco Europe II, LLC	National Rx Services NO. 3, Inc., of Ohio
Medco Health Services, Inc.	Medco Health Solutions of Willingboro LLC
DNA Direct, Inc.	Therapease Cuisine, Inc.
Accredo Health, Inc.	United Biosource Patient Solutions, Inc.
AHG of New York, Inc.	Biopartners in Care, Inc.
Accredo Health Group, Inc.	Home Healthcare Resources, Inc.
Critical Care Systems, Inc.	Critical Care Systems of New York, Inc.
Infinity Infusion Care, Ltd.	Accredo Care Network, Inc.
Polymedica Corporation	Liberty Healthcare Group, Inc.
Liberty Medical Supply, Inc.	Liberty Marketplace, Inc.
Liberty Lane Condominium Association, Inc.	Liberty Lane Development Company, Inc.

NOTES TO FINANCIAL STATEMENTS

United Biosource Corporation	Institute for Medical Education & Research, Inc.
UBC Health Care Analytics, Inc.	UBC Late Stage, Inc.
P-Star Acquisition Co., Inc.	Envision Pharma, Inc.
UBC Scientific Solution, Inc.	Evidence Scientific Solutions, Inc.
NEV Acquisition Co., Inc.	MAH Processing, Inc.

The method of allocation is subject to written agreement, approved by the Board of Directors. Allocation is based upon separate return calculations with a credit for current losses pursuant to the terms of the tax sharing agreement.

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. The Company didn't pay any dividends to the Parent Company during the twelve months ended December 31, 2012.

B. During February 2008, the parent company, Express Scripts Senior Care Holdings, Inc., forgave $1,755,976 owed by Express Scripts Insurance Company ("The Company"). The state of Domicile (Arizona) approved this transaction which was completed to increase capital and surplus as required by the state of domicile to meet the calculated RBC level. For all subsequent quarters the Company has exceeded required RBC levels.

C. At December 31, 2012 Express Scripts Insurance Company is reporting $33,895,469 receivable from the parent company, Express Scripts Senior Care Holdings, Inc. This amount represents amounts owed to the parent company for prescription drug claims paid by Express Scripts Senior Care Holdings, Inc. on behalf of the Company as well as administrative costs incurred to process those claims netted against the amounts owed to the Company for payments from CMS to Express Scripts Senior Care Holdings, Inc. for the benefit of the Company and monies related to the coverage gap from pharmaceutical companies.

D. All outstanding shares of Express Scripts Insurance Company are owned by Express Scripts Senior Care Holding, Inc. which is wholly owned by the ultimate parent company, Express Scripts, Inc. On April 2, 2012, Express Scripts Holding Company, a publicly traded company, acquired one hundred percent (100%) of the outstanding stock of Express Scripts, Inc. and its wholly owned subsidiaries and Medco Health Solutions, Inc. and its wholly owned subsidiaries. Only the ownership of the publicly traded stock of the ultimate parent company has changed.

Note 11 - Debt

Not Applicable.

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

Not Applicable.

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

A. The Company has authorized 10,000,000 shares of common stock with a par value of $1 authorized, and 2,600,000 issued and outstanding as of December 31, 2012. On September 30, 2008, The Company issued 1,500,000 in additional common stock to the parent which also resulted in a change in paid in capital of $2,200,000. The purpose of the issuance of additional stock and paid in capital increase was to meet the requirements set forth in various state expansion application guidelines.

B. The Company does not have any preferred stock outstanding.

C. All shares issued are common shares fully owned by Express Scripts Senior Care Holding, Inc., an entity 100% owned by the ultimate parent company, Express Scripts, Inc. On April 2, 2012, Express Scripts Holding Company, a publicly traded company, acquired one hundred percent (100%) of the outstanding stock of Express Scripts, Inc. and its wholly owned subsidiaries and Medco Health Solutions, Inc. and its wholly owned subsidiaries. Only the ownership of the publicly traded stock of the ultimate parent company has changed.

Note 14 - Contingencies

Not Applicable.

Note 15 - Leases

Not Applicable.

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

NOTES TO FINANCIAL STATEMENTS

Not Applicable.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not Applicable.

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

The Company provides administrative services for self-insured EGWPs, for which it received administrative fees of $42,888,037 for the twelve months ended December 31, 2012 and $19,815,929 for the twelve months ended December 31, 2011. These administrative fees are netted within general administrative expenses in accordance with SSAP No. 3.

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

Not Applicable.

Note 20 - Fair Value

The Company does not hold any derivative assets or liabilities as of December 31, 2012. All intercompany balances are held at face value/fair market value as of December 31, 2012.

Note 21 - Other Items

On September 4, 2007 the Company secured a $250,000 surety bond as required by the Nevada Division of Insurance in the processes to obtain a Certificate of Authority with the state of Nevada. The Company is Principal with Travelers Casualty and Surety Company of America as Surety for bond number 105000106. On July 22, 2008 the Company secured a $100,000 surety bond as required by the New Mexico Insurance Division in the processes to obtain a Certificate of Authority with the state of New Mexico. The Company is Principal with Travelers Casualty and Surety Company of America as Surety for bond number 105125294.

Note 22 - Events Subsequent

Not Applicable.

Note 23 - Reinsurance

Not Applicable.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not Applicable.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

The Company processes claims under its Medicare Part D Plan. Claims are reported when incurred through the use of a pharmacy benefit manager. Potential adjustments to claim expense could result from "self-pay" claims in which members pay for a claim and then submit the claim to the Company for reimbursement. Adjustments could also result from faulty member enrollment data. There have not been any material adjustments to claim expense for the period ended December 31, 2012.

Note 26 - Intercompany Pooling Arrangements

Not Applicable.

Note 27 - Structured Settlements

Not Applicable.

Note 28 - Health Care Receivables

Not Applicable.

Note 29 - Participating Policies

NOTES TO FINANCIAL STATEMENTS

Not Applicable.

Note 30 - Premium Deficiency Reserves

Not Applicable.

Note 31 - Anticipated Salvage and Subrogation

Not Applicable.

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? Arizona

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

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008

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. 06/24/2009

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/24/2009

3.4 By what department or departments?

State of Arizona 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 Name of Entity	2 NAIC Co. Code	3 State of Domicile

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control .....%

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

1 Nationality		2 Type of Entity

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

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

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

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers LLC Milwaukee, WI 53202

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 answer 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?
Milliman Inc. Brookfield, WI 53005

GENERAL INTERROGATORIES

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).

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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

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

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

PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

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

20.11 To directors or other officers $.....0

20.12 To stockholders not officers $.....0

20.13 Trustees, supreme or grand (Fraternal only) $.....0

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

20.21 To directors or other officers $.....0

20.22 To stockholders not officers $.....0

20.23 Trustees, supreme or grand (Fraternal only) $.....0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

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

21.21 Rented from others .....

21.22 Borrowed from others .....

21.23 Leased from others .....

21.24 Other .....

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

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

PART 1 - COMMON INTERROGATORIES - 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.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

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

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

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

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

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

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

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. .....

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. .....

24.103 Total payable for securities lending reported on the liability page. .....

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

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

25.21 Subject to repurchase agreements .....

25.22 Subject to reverse repurchase agreements .....

25.23 Subject to dollar repurchase agreements .....

25.24 Subject to reverse dollar repurchase agreements .....

25.25 Pledged as collateral .....

25.26 Placed under option agreements .....

25.27 Letter stock or securities restricted as to sale .....

25.28 On deposit with state or other regulatory body .....

25.29 Other .....

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 [X]

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of America	Private Wealth Management, 200 W Capitol Ave., 3rd Fl., Little Rock, AR 72201-3605
JPMorgan Chase Bank	Illinois Market, PO Box 260180, Baton Rouge, LA 70826-0180
US Bank	Wachovia Blds., 1W 4th Street, 7th Fl, Winston-Salem, NC 27101
SunTrust	1801 West Broad Street, Richmond, VA 23220
Citibank	111 Wall Street, New York, NY 10043
Wells Fargo	San Francisco, CA

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address

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/Adj.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 the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to 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			0
30.2 Preferred stocks			0
30.3 Totals	0	0	0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

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

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

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

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

32.2 If no, list exceptions:

PART 1 - COMMON 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

NONE

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. .....

1.6 Individual policies:

Most current three years:

1.61 Total premium earned .....

1.62 Total incurred claims .....

1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned .....

1.65 Total incurred claims .....

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned .....

1.72 Total incurred claims .....

1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned .....

1.75 Total incurred claims .....

1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	84,078,224	44,773,898
2.2 Premium Denominator	84,078,224	44,773,898
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	151,000	316,200
2.5 Reserve Denominator	151,000	316,200
2.6 Reserve Ratio (2.4/2.5)	100.0	100.0

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, 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 [ ] 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 [ ]

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

5.2 If no, explain:

Express Scripts Insurance Company is a Medicare Part D Prescription Plan Provider Only

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive medical $.....0

5.32 Medical only $.....0

5.33 Medicare supplement $.....0

5.34 Dental and vision $.....0

5.35 Other limited benefit plan $.....0

5.36 Other $.....0

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

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [ ] 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 0

8.2 Number of providers at end of reporting year 0

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 .....

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

10.2 If yes:

10.21 Maximum amount payable bonuses .....

10.22 Amount actually paid for year bonuses .....

10.23 Maximum amount payable withholds .....

10.24 Amount actually paid for year withholds .....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

11.1. Is the reporting entity organized as:

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

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

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

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

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

11.4. If yes, show the amount required. .....

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

11.6. If the amount is calculated, show the calculation:

_____

_____

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

1 Name of Service Area

13.1. Do you act as a custodian for health savings account? 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 the funds administered as of the reporting date. .....

FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	80,589,512	31,820,437	39,076,601	19,095,699	12,185,782
2. Total liabilities (Page 3, Line 24)	62,607,359	13,655,409	25,820,599	7,610,055	3,566,095
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 33)	17,982,153	18,165,028	13,256,002	11,485,644	8,619,687
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	84,078,224	44,773,898	30,471,743	20,649,241	11,200,926
6. Total medical and hospital expenses (Line 18)	102,299,814	44,317,947	27,360,391	16,701,265	7,253,034
7. Claims adjustment expenses (Line 20)	3,000	6,300	5,000	4,000	1,730,125
8. Total administrative expenses (Line 21)	(17,966,261)	(7,016,161)	148,876	321,584	791,952
9. Net underwriting gain (loss) (Line 24)	(258,329)	7,465,812	2,957,477	3,622,392	1,425,815
10. Net investment gain (loss) (Line 27)	5,219	51,163	17,195	24,195	193,367
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	(189,077)	4,908,648	1,934,347	2,505,651	1,619,182
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	35,922,302	10,598,538	573,088	4,043,667	1,464,235
Risk-Based Capital Analysis					
14. Total adjusted capital	17,982,153	18,165,028	13,256,002	11,485,644	8,619,687
15. Authorized control level risk-based capital	9,359,377	4,588,389	3,188,117	2,334,541	126,932
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	153,524	21,359	14,649	9,868	5,923
17. Total member months (Column 6, Line 7)	598,486	245,224	175,506	117,732	70,560
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 (Line 18 plus Line 19)	121.7	99.0	89.8	80.9	64.8
20. Cost containment expenses					15.4
21. Other claims adjustment expenses	0.0	0.0	0.0		
22. Total underwriting deductions (Line 23)	100.3	83.3	90.3	82.5	87.3
23. Total underwriting gain (loss) (Line 24)	(0.3)	16.7	9.7	17.5	12.7
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	63,315	287,717	101,659	288,650	476,775
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	316,200	249,000	376,000	628,600	497,969
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above					

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

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama AL	L							0	
2. Alaska AK	L							0	
3. Arizona AZ	L							0	
4. Arkansas AR	L	229,096						229,096	
5. California CA	L	3,436,440						3,436,440	
6. Colorado CO	L	229,096						229,096	
7. Connecticut CT	L	2,749,152						2,749,152	
8. Delaware DE	L	458,192						458,192	
9. District of Columbia DC	L	1,145,480						1,145,480	
10. Florida FL	E	687,288						687,288	
11. Georgia GA	L	1,603,672						1,603,672	
12. Hawaii HI	L							0	
13. Idaho ID	L							0	
14. Illinois IL	L	12,600,277						12,600,277	
15. Indiana IN	L	2,520,056						2,520,056	
16. Iowa IA	L	229,096						229,096	
17. Kansas KS	L							0	
18. Kentucky KY	L	229,096						229,096	
19. Louisiana LA	L	229,096						229,096	
20. Maine ME	E							0	
21. Maryland MD	L	687,288						687,288	
22. Massachusetts MA	L	2,290,960						2,290,960	
23. Michigan MI	L	19,244,062						19,244,062	
24. Minnesota MN	L							0	
25. Mississippi MS	L	229,096						229,096	
26. Missouri MO	L	2,061,864						2,061,864	
27. Montana MT	L							0	
28. Nebraska NE	L							0	
29. Nevada NV	L							0	
30. New Hampshire NH	L							0	
31. New Jersey NJ	L	1,145,480						1,145,480	
32. New Mexico NM	L							0	
33. New York NY	L	8,247,455						8,247,455	
34. North Carolina NC	L	2,290,960						2,290,960	
35. North Dakota ND	L							0	
36. Ohio OH	L	2,520,056						2,520,056	
37. Oklahoma OK	L	229,096						229,096	
38. Oregon OR	L	458,192						458,192	
39. Pennsylvania PA	L	2,061,864						2,061,864	
40. Rhode Island RI	L	458,192						458,192	
41. South Carolina SC	L	687,288						687,288	
42. South Dakota SD	L							0	
43. Tennessee TN	L	458,192						458,192	
44. Texas TX	L	5,956,495						5,956,495	
45. Utah UT	L							0	
46. Vermont VT	L	229,096						229,096	
47. Virginia VA	L	1,832,768						1,832,768	
48. Washington WA	L	458,192						458,192	
49. West Virginia WV	L							0	
50. Wisconsin WI	L	5,956,495						5,956,495	
51. Wyoming WY	E	229,096						229,096	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	E							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CAN	N							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	84,078,224	0	0	0	0	0	84,078,224	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 48	84,078,224	0	0	0	0	0	84,078,224	0

DETAILS OF WRITE-INS

58001.							0	
58002.							0	
58003.							0	
58998. Summary of remaining write-ins for line 58	0	0	0	0	0	0	0	0
58999. Total (Lines 58001 thru 58003 + 58998)	0	0	0	0	0	0	0	0

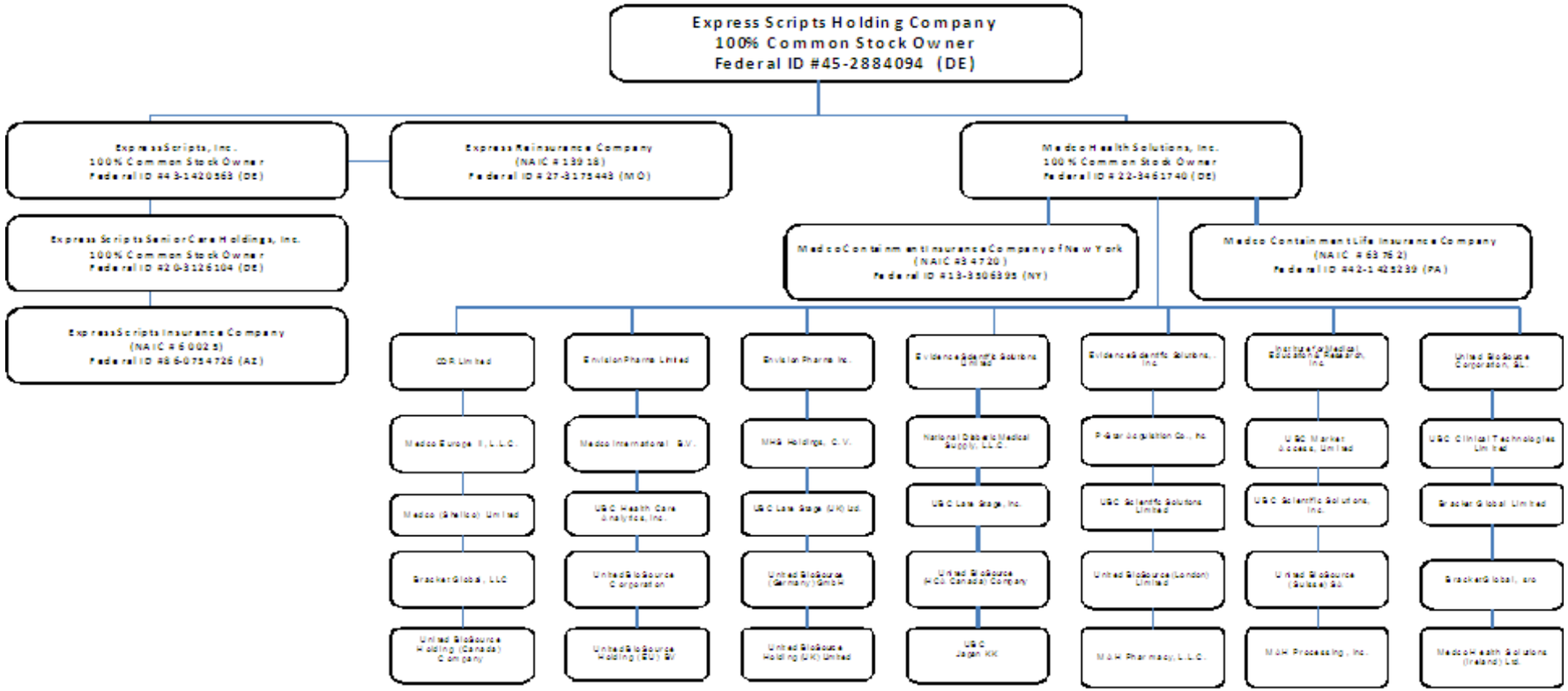
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to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

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

(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



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

PART 1 – ORGANIZATIONAL CHART

2012 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK

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