



HEALTH ANNUAL STATEMENT

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

HealthSpring Life & Health Insurance Company, Inc.

NAIC Group Code 0901 3477 NAIC Company Code 12902 Employer's ID Number 20-8534298
(Current) (Prior)

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

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health

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

Incorporated/Organized 02/27/2007 Commenced Business 02/27/2007

Statutory Home Office 2900 North Loop West, Suite 1300, Houston, TX, US 77092
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 500 Great Circle Road
(Street and Number)
Nashville, TN, US 37228, 615-291-7000
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 9009 Carothers Parkway, Franklin, TN, US 37067
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 500 Great Circle Road
(Street and Number)
Nashville, TN, US 37228, 615-291-7000
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.healthspring.com

Statutory Statement Contact Beth Ann Hollingsworth, 615-236-6252
(Name) (Area Code) (Telephone Number)
regulatory@healthspring.com, 615-401-4566
(E-mail Address) (FAX Number)

OFFICERS

President, Chairman & Chief Executive Officer Scott Christian Huebner # Vice President & Secretary Mark Andrew Tulloch
Co - Chief Executive Officer
Chief Financial Officer Brian David Setzer # Officer Matthew Shawn Morris #

OTHER

<u>Dirk Oliver Wales MD # Corporate Medical Director</u>	<u>Richard Alan Appel # Compliance Officer</u>	<u>Clifton Scott Jacobson Vice President</u>
<u>James Russell Hailey President, Pharmaceutical Operations</u>	<u>David Lowell Terry Chief Actuary</u>	<u>Gregory James Allen Divisional President</u>
<u>Jay Landon Hurt Divisional President</u>	<u>Peter Ronald Gardner Vice President</u>	<u>Kristinn Klunkert Benton Vice President</u>
<u>Allen Curtis Perez Vice President</u>	<u>Barry Richard McHale # Vice President & Treasurer</u>	<u>James Patrick Foley # Divisional President</u>
<u>Robert Lambdin Dawson # Vice President</u>	<u>Maureen Hardiman Ryan # Vice President & Assistant Treasurer</u>	<u>Sanjeev Kumar Srivastava, # Vice President</u>
<u>Scott Ronald Lambert # Vice President & Assistant Treasurer</u>	<u>Jumana Nadeem Siddiqui # Assistant Treasurer</u>	<u>Kevin James Oleksak # Assistant Secretary</u>
<u>Rhiannon Ashley Bernier # Assistant Secretary</u>	<u>Anna Krishul # Assistant Secretary</u>	<u>Natalie Choy Dietrich # Assistant Secretary</u>

DIRECTORS OR TRUSTEES

<u>Sanjeev Kumar Srivastava #</u>	<u>Scott Christian Huebner</u>	<u>Robert Lambdin Dawson</u>
<u>Matthew Shawn Morris</u>	<u>Mark Andrew Tulloch</u>	

State of Tennessee SS:
County of _____

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

<u>Scott Christian Huebner</u> President, Chairman & Chief Executive Officer	<u>Brian David Setzer #</u> Chief Financial Officer	<u>Mark Andrew Tulloch</u> Vice President & Secretary
---	--	--

Subscribed and sworn to before me this _____ 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.....

Notary Public

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	139,077,212		139,077,212	133,953,369
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$			0	0
encumbrances)				
4.2 Properties held for the production of income (less			0	0
\$				
encumbrances)				
4.3 Properties held for sale (less \$			0	0
encumbrances)				
5. Cash (\$308,727,464 , Schedule E - Part 1), cash equivalents				
(\$159,374,177 , Schedule E - Part 2) and short-term				
investments (\$44,464,579 , Schedule DA)	512,566,220		512,566,220	131,968,355
6. Contract loans, (including \$ premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)			0	0
9. Receivables for securities	204,732		204,732	205,959
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	651,848,164	0	651,848,164	266,127,683
13. Title plants less \$0 charged off (for Title insurers			0	0
only)				
14. Investment income due and accrued	1,270,290	69	1,270,221	1,161,967
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	19,332,565		19,332,565	17,208,508
15.2 Deferred premiums, agents' balances and installments booked but				
deferred and not yet due (including \$			0	0
earned but unbilled premiums)				
15.3 Accrued retrospective premiums			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	41,577,250		41,577,250	129,301,146
18.1 Current federal and foreign income tax recoverable and interest thereon			0	4,509,359
18.2 Net deferred tax asset	6,794,162	254,116	6,540,046	5,803,276
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets				
(\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	816,291	767,736	48,555	0
24. Health care (\$75,624,235) and other amounts receivable	80,004,140	4,379,905	75,624,235	105,540,171
25. Aggregate write-ins for other than invested assets	0	0	0	300
26. Total assets excluding Separate Accounts, Segregated Accounts and	801,642,863	5,401,826	796,241,036	529,652,410
Protected Cell Accounts (Lines 12 to 25)				
27. From Separate Accounts, Segregated Accounts and Protected Cell			0	0
Accounts				
28. Total (Lines 26 and 27)	801,642,863	5,401,826	796,241,036	529,652,410
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Other assets	0	0	0	300
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	300

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$0 reinsurance ceded).....	164,510,925	2,354,467	166,865,393	151,362,830
2. Accrued medical incentive pool and bonus amounts.....	6,595,025	3,959,646	10,554,670	6,624,634
3. Unpaid claims adjustment expenses.....		1,803,555	1,803,555	1,313,262
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act.....	39,763,915		39,763,915	11,281,727
5. Aggregate life policy reserves.....			0	0
6. Property/casualty unearned premium reserves.....			0	0
7. Aggregate health claim reserves.....			0	0
8. Premiums received in advance.....	186,356		186,356	70,717
9. General expenses due or accrued.....	1,562,664		1,562,664	2,284,281
10.1 Current federal and foreign income tax payable and interest thereon (including \$52,977 on realized capital gains (losses)).....	8,894,570		8,894,570	6,606,821
10.2 Net deferred tax liability.....			0	0
11. Ceded reinsurance premiums payable.....			0	0
12. Amounts withheld or retained for the account of others.....	2,208,149		2,208,149	646,813
13. Remittance and items not allocated.....	101,000		101,000	1,064
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current).....			0	0
15. Amounts due to parent, subsidiaries and affiliates.....	36,128,146		36,128,146	31,106,825
16. Derivatives.....			0	0
17. Payable for securities.....			0	0
18. Payable for securities lending.....			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$0 unauthorized reinsurers and \$0 certified reinsurers).....			0	0
20. Reinsurance in unauthorized and certified (\$) companies.....			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	0
22. Liability for amounts held under uninsured plans.....	88,366,814		88,366,814	347,857
23. Aggregate write-ins for other liabilities (including \$ current).....	486,850	0	486,850	503,300
24. Total liabilities (Lines 1 to 23).....	348,804,413	8,117,668	356,922,081	212,150,131
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
26. Common capital stock.....	XXX	XXX	2,500,000	2,500,000
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX	116,703,127	116,703,127
29. Surplus notes.....	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	320,115,829	198,299,152
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$).....	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	439,318,956	317,502,279
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	796,241,036	529,652,410
DETAILS OF WRITE-INS				
2301. Fines and penalties.....	486,850		486,850	503,300
2302.				
2303.				
2308. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2309. Totals (Lines 2301 thru 2303 plus 2308)(Line 23 above).....	486,850	0	486,850	503,300
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		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	9,023,887	11,062,577
2. Net premium income (including \$ non-health premium income)	XXX	2,167,787,015	2,072,379,156
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	0
4. Fee-for-service (net of \$ medical expenses)	XXX	0	0
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	(6,294,037)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	2,167,787,015	2,066,085,119
Hospital and Medical:			
9. Hospital/medical benefits		971,544,595	698,968,409
10. Other professional services		17,688,982	16,649,959
11. Outside referrals	24,124,410	24,124,410	14,352,103
12. Emergency room and out-of-area	966,672	18,950,564	17,939,302
13. Prescription drugs		663,936,853	896,287,638
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments, and bonus amounts	3,731,876	14,850,773	13,368,981
16. Subtotal (Lines 9 to 15)	28,822,958	1,711,096,177	1,657,566,392
Less:			
17. Net reinsurance recoveries		0	0
18. Total hospital and medical (Lines 16 minus 17)	28,822,958	1,711,096,177	1,657,566,392
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$77,549,279 cost containment expenses		84,215,413	80,679,576
21. General administrative expenses		183,561,772	164,710,434
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		(202,689)	1,627,328
23. Total underwriting deductions (Lines 18 through 22)	28,822,958	1,978,670,673	1,904,583,730
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	189,116,342	161,501,389
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		4,039,115	3,048,722
26. Net realized capital gains (losses) less capital gains tax of \$52,977		98,386	69,506
27. Net investment gains (losses) (Lines 25 plus 26)	0	4,137,501	3,118,228
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]		(11,603,607)	
29. Aggregate write-ins for other income or expenses	0	296,585	(365,721)
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	181,946,821	164,253,896
31. Federal and foreign income taxes incurred	XXX	63,944,765	59,281,186
32. Net income (loss) (Lines 30 minus 31)	XXX	118,002,056	104,972,710
DETAILS OF WRITE-INS			
0601. Bad debt expense	XXX		(6,294,037)
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	(6,294,037)
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. Penalties and fines		(29,697)	(365,721)
2902. Other Income		326,282	
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	296,585	(365,721)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	317,502,279	214,130,701
34. Net income or (loss) from Line 32	118,002,056	104,972,710
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	47,891	(2,244,803)
39. Change in nonadmitted assets	3,460,073	(2,438,420)
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles.....	306,657	
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in	0	45,500,000
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		(42,500,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	82,091
48. Net change in capital and surplus (Lines 34 to 47)	121,816,677	103,371,578
49. Capital and surplus end of reporting period (Line 33 plus 48)	439,318,956	317,502,279
DETAILS OF WRITE-INS		
4701. Change in asset valuation reserve		82,091
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	82,091

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	2,194,463,473	2,070,360,330
2. Net investment income	6,076,042	5,242,183
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	2,200,539,515	2,075,602,513
5. Benefit and loss related payments	1,657,948,205	1,636,657,060
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	103,542,800	286,264,261
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$37,425 tax on capital gains (losses)	57,200,634	76,083,989
10. Total (Lines 5 through 9)	1,818,691,639	1,999,005,310
11. Net cash from operations (Line 4 minus Line 10)	381,847,876	76,597,203
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	36,807,809	26,279,151
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	1,227	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	36,809,036	26,279,151
13. Cost of investments acquired (long-term only):		
13.1 Bonds	43,925,538	31,140,391
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	205,959
13.7 Total investments acquired (Lines 13.1 to 13.6)	43,925,538	31,346,350
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(7,116,502)	(5,067,199)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	45,500,000
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	42,500,000
16.6 Other cash provided (applied)	5,866,491	(9,686,572)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	5,866,491	(6,686,572)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	380,597,865	64,843,432
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	131,968,355	67,124,923
19.2 End of year (Line 18 plus Line 19.1)	512,566,220	131,968,355

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

--	--	--

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE HealthSpring Life & Health Insurance Company, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	2,167,787,015						1,239,906,066	208,756,101	719,124,848	
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	2,167,787,015	0	0	0	0	0	1,239,906,066	208,756,101	719,124,848	0
8. Hospital/medical benefits	971,544,595						799,414,531	172,130,064	0	XXX
9. Other professional services	17,688,982						17,688,982			XXX
10. Outside referrals	24,124,410			0	0		24,124,410			XXX
11. Emergency room and out-of-area	18,950,564					0	18,950,564			XXX
12. Prescription drugs	663,936,853						96,532,189	22,303,128	545,101,535	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	14,850,773						14,850,773			XXX
15. Subtotal (Lines 8 to 14)	1,711,096,177	0	0	0	0	0	971,561,450	194,433,192	545,101,535	XXX
16. Net reinsurance recoveries	0									XXX
17. Total medical and hospital (Lines 15 minus 16)	1,711,096,177	0	0	0	0	0	971,561,450	194,433,192	545,101,535	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 77,549,279 cost containment expenses	84,215,413						69,431,419		14,783,994	
20. General administrative expenses	183,561,772						127,120,606		56,441,166	
21. Increase in reserves for accident and health contracts	(202,689)						0	(202,689)	0	XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	1,978,670,673	0	0	0	0	0	1,168,113,475	194,230,503	616,326,695	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	189,116,342	0	0	0	0	0	71,792,592	14,525,598	102,798,153	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	1,239,906,066			1,239,906,066
7. Title XIX - Medicaid	208,756,101			208,756,101
8. Other health	719,124,848			719,124,848
9. Health subtotal (Lines 1 through 8)	2,167,787,015	0	0	2,167,787,015
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	2,167,787,015	0	0	2,167,787,015

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE HealthSpring Life & Health Insurance Company, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	1,647,027,467						953,949,597	171,864,733	521,213,138	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	1,647,027,467	0	0	0	0	0	953,949,597	171,864,733	521,213,138	0
2. Paid medical incentive pools and bonuses	10,920,737						10,920,737			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	166,865,392	0	0	0	0	0	84,456,062	24,601,799	57,807,531	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	166,865,392	0	0	0	0	0	84,456,062	24,601,799	57,807,531	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	10,554,670						10,554,670			
6. Net healthcare receivables (a)	(33,715,375)						6,915,123		(40,630,497)	
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	151,362,831	0	0	0	0	0	74,779,861	2,033,339	74,549,631	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	151,362,831	0	0	0	0	0	74,779,861	2,033,339	74,549,631	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	6,624,635						6,624,635			
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred Benefits:										
12.1 Direct	1,696,245,403	0	0	0	0	0	956,710,675	194,433,193	545,101,535	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	1,696,245,403	0	0	0	0	0	956,710,675	194,433,193	545,101,535	0
13. Incurred medical incentive pools and bonuses	14,850,773	0	0	0	0	0	14,850,773	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	109,088,812						55,213,435	16,083,509	37,791,868	
1.2 Reinsurance assumed .....	.0									
1.3 Reinsurance ceded .....	.0									
1.4 Net	109,088,812	.0	.0	.0	.0	.0	55,213,435	16,083,509	37,791,868	.0
2. Incurred but Unreported:										
2.1 Direct	57,776,580						29,242,627	8,518,290	20,015,663	
2.2 Reinsurance assumed .....	.0							.0		
2.3 Reinsurance ceded .....	.0									
2.4 Net	57,776,580	.0	.0	.0	.0	.0	29,242,627	8,518,290	20,015,663	.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	166,865,392	.0	.0	.0	.0	.0	84,456,062	24,601,799	57,807,531	.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	166,865,392	0	0	0	0	0	84,456,062	24,601,799	57,807,531	0

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE HealthSpring Life & Health Insurance Company, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	58,083,969	895,865,628	1,488,430	82,967,633	59,572,399	74,779,861
7. Title XIX - Medicaid	1,723,530	170,141,202	13,373	24,588,425	1,736,903	2,033,339
8. Other health	(37,905,415)	559,118,553	254,379	57,553,152	(37,651,036)	74,549,631
9. Health subtotal (Lines 1 to 8)	21,902,084	1,625,125,383	1,756,182	165,109,210	23,658,266	151,362,831
10. Healthcare receivables (a)		80,004,140			0	113,719,515
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	6,251,398	4,669,339	421,129	10,133,541	6,672,527	6,624,634
13. Totals (Lines 9 - 10 + 11 + 12)	28,153,482	1,549,790,582	2,177,311	175,242,751	30,330,793	44,267,950

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

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	36,906	37,269	37,289	37,285	37,285
2.	2008	408,645	461,385	461,537	461,390	461,390
3.	2009	XXX	594,514	644,558	644,614	644,817
4.	2010	XXX	XXX	655,771	702,920	702,994
5.	2011	XXX	XXX	XXX	781,486	845,545
6.	2012	XXX	XXX	XXX	XXX	900,535

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	37,704	38,067	38,087	38,083	38,083
2.	2008	465,945	519,898	520,050	519,904	519,904
3.	2009	XXX	659,451	709,670	709,726	709,929
4.	2010	XXX	XXX	681,977	731,909	731,982
5.	2011	XXX	XXX	XXX	860,109	926,078
6.	2012	XXX	XXX	XXX	XXX	993,636

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2008	634,734	461,390	25,132	5.4	486,522	76.6			486,522	76.6
2. 2009	830,465	644,817	31,101	4.8	675,918	81.4	0	0	675,918	81.4
3. 2010	927,512	702,994	38,888	5.5	741,882	80.0		0	741,882	80.0
4. 2011	1,104,518	845,545	49,136	5.8	894,681	81.0	1,910	228	896,819	81.2
5. 2012	1,239,906	900,535	60,208	6.7	960,743	77.5	93,101	1,575	1,055,419	85.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 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	2,899	4,622
6. 2012	XXX	XXX	XXX	XXX	170,142

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	0	0	0	0	
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX	4,932	6,669
6. 2012	XXX	XXX	XXX	XXX	194,730

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2008	0			0.0	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	6,812	4,622		0.0	4,622	67.9	13		4,636	68.1
5. 2012	208,756	170,142		0.0	170,142	81.5	24,588		194,730	93.3

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH 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	2,544	2,544	2,544	2,544	2,544
2.	2008	96,078	102,658	102,658	102,658	102,658
3.	2009	XXX	287,382	302,046	302,046	302,046
4.	2010	XXX	XXX	628,553	596,558	596,558
5.	2011	XXX	XXX	XXX	837,213	799,307
6.	2012	XXX	XXX	XXX	XXX	559,119

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	2,705	2,705	2,705	2,705	2,705
2.	2008	120,229	127,083	127,083	127,083	127,083
3.	2009	XXX	292,469	307,134	307,134	307,134
4.	2010	XXX	XXX	634,227	608,462	608,462
5.	2011	XXX	XXX	XXX	905,505	867,854
6.	2012	XXX	XXX	XXX	XXX	616,672

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2008	115,940	102,658	8,506	8.3	111,164	95.9			111,164	95.9
2. 2009	352,514	302,046	13,808	4.6	315,854	89.6			315,854	89.6
3. 2010	760,413	596,558	23,608	4.0	620,166	81.6			620,166	81.6
4. 2011	961,049	799,307	32,493	4.1	831,800	86.6	254		832,055	86.6
5. 2012	719,125	559,119	13,736	2.5	572,855	79.7	57,553		630,408	87.7

12.0T

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	39,450	39,814	39,833	39,829	39,829
2.	2008	504,723	564,043	564,195	564,048	564,048
3.	2009	XXX	881,896	946,604	946,661	946,864
4.	2010	XXX	XXX	1,284,325	1,299,478	1,299,552
5.	2011	XXX	XXX	XXX	1,621,597	1,649,475
6.	2012	XXX	XXX	XXX	XXX	1,629,795

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	40,409	40,772	40,792	40,788	40,788
2.	2008	586,174	646,981	647,133	646,986	646,986
3.	2009	XXX	951,920	1,016,804	1,016,860	1,017,063
4.	2010	XXX	XXX	1,316,204	1,340,371	1,340,444
5.	2011	XXX	XXX	XXX	1,770,547	1,800,601
6.	2012	XXX	XXX	XXX	XXX	1,805,037

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2008	750,674	564,048	33,638	6.0	597,686	79.6	0	0	597,686	79.6
2. 2009	1,182,979	946,864	44,909	4.7	991,773	83.8	0	0	991,773	83.8
3. 2010	1,687,925	1,299,552	62,496	4.8	1,362,048	80.7	0	0	1,362,048	80.7
4. 2011	2,072,379	1,649,475	81,629	4.9	1,731,104	83.5	2,177	228	1,733,509	83.6
5. 2012	2,167,787	1,629,795	73,944	4.5	1,703,739	78.6	175,243	1,575	1,880,557	86.8

12.GT

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	.0								
2. Additional policy reserves (a) .....	.0								
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$) for investment income	39,763,915						9,753,355		30,010,560
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross)	39,763,915	.0	.0	.0	.0	.0	9,753,355	.0	30,010,560
7. Reinsurance ceded .....	.0								
8. Totals (Net)(Page 3, Line 4)	39,763,915	.0	.0	.0	.0	.0	9,753,355	.0	30,010,560
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT**PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ for occupancy of own building)	2,459,893	80,423	6,078,155		8,618,471
2. Salary, wages and other benefits	36,124,429	3,903,276	90,585,399		130,613,104
3. Commissions (less \$ ceded plus \$ assumed)	8,688,316	219,686	20,148,428		29,056,430
4. Legal fees and expenses	14,900	379	204,993		220,272
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	5,845,752	1,475,654	17,786,503		25,107,909
7. Traveling expenses	1,421,266	60,739	3,397,596		4,879,601
8. Marketing and advertising	4,056,629	100,841	9,659,853		13,817,323
9. Postage, express and telephone	1,329,331	123,517	4,009,648		5,462,495
10. Printing and office supplies	3,841,386	208,106	11,147,426		15,196,918
11. Occupancy, depreciation and amortization					0
12. Equipment	198,956	13,418	453,170		665,544
13. Cost or depreciation of EDP equipment and software	461,279	48,479	1,927,331		2,437,090
14. Outsourced services including EDP, claims, and other services	10,034,310	132,952	6,499,349		16,666,611
15. Boards, bureaus and association fees	91,073	14,439	299,675		405,186
16. Insurance, except on real estate					0
17. Collection and bank service charges	26,264	776	420,324		447,363
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses	21,658	554	50,027		72,239
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	47	5	(569,865)		(569,813)
23.2 State premium taxes	244	26	3,642,567		3,642,837
23.3 Regulatory authority licenses and fees	(2,437)	(63)	443,370		440,870
23.4 Payroll taxes	2,353,856	254,833	5,798,073		8,406,762
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere				187,019	187,019
25. Aggregate write-ins for expenses	582,127	28,095	1,579,749	0	2,189,972
26. Total expenses incurred (Lines 1 to 25)	77,549,279	6,666,134	183,561,772	187,019	(a) 267,964,204
27. Less expenses unpaid December 31, current year	1,660,793	142,762	1,562,664		3,366,219
28. Add expenses unpaid December 31, prior year	927,549	385,714	2,227,498	56,779	3,597,540
29. Amounts receivable relating to uninsured plans, prior year			129,301,146		129,301,146
30. Amounts receivable relating to uninsured plans, current year			41,577,250		41,577,250
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	76,816,035	6,909,086	96,502,710	243,798	180,471,629
DETAILS OF WRITE-INS					
2501. Other General Expenses	582,127	14,614	1,415,799		2,012,541
2502. Stipends			163,950		163,950
2503. Claims adjustment expense - other		13,481			13,481
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)	582,127	28,095	1,579,749	0	2,189,972

(a) Includes management fees of \$ 254,813,998 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds	(a) 344,078	307,107
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 3,463,775	3,844,189
1.3 Bonds of affiliates	(a)	0
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) 50,495	54,667
7. Derivative instruments	(f)	
8. Other invested assets	298	298
9. Aggregate write-ins for investment income	19,873	19,873
10. Total gross investment income	3,878,519	4,226,134
11. Investment expenses		(g) 187,019
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		187,019
17. Net investment income (Line 10 minus Line 16)		4,039,115
DETAILS OF WRITE-INS		
0901. Commitment Fee Income	19,873	19,873
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)	19,873	19,873
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 \$ 94,070 accrual of discount less \$ 2,239,320 amortization of premium and less \$ 228,587 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	3,210	0	3,210	0	0
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	148,154	0	148,154	0	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	151,364	0	151,364	0	0
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
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	69		(69)
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	254,116	942,995	688,879
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivable from parent, subsidiaries and affiliates	767,736	190	(767,546)
24. Health care and other amounts receivable	4,379,905	8,179,343	3,799,438
25. Aggregate write-ins for other than invested assets	0	46,028	46,028
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,401,826	9,168,556	3,766,730
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. Total (Lines 26 and 27)	5,401,826	9,168,556	3,766,730
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Prepaids		45,098	45,098
2502. Deposits		930	930
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	46,028	46,028

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service		0				
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	942,567	765,169	754,137	748,778	741,913	9,023,887
7. Total	942,567	765,169	754,137	748,778	741,913	9,023,887
DETAILS OF WRITE-INS						
0601. Medicare – Standalone Part D	853,618	650,639	639,323	630,907	621,474	7,666,348
0602. Medicare Advantage	86,098	94,085	95,060	96,480	97,326	1,141,912
0603. Medicaid	2,851	20,445	19,754	21,391	23,113	215,627
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)	942,567	765,169	754,137	748,778	741,913	9,023,887

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of HealthSpring Life & Health Insurance Company, Inc. (the Company) are presented on the basis of accounting practices prescribed or permitted by the Texas Department of Insurance (the Department).

The Department recognizes only statutory accounting practices (NAIC SAP) prescribed or permitted by the state of Texas for determining and reporting the financial condition and results of operations of an insurance company, for determining solvency under Texas Insurance Law. The National Association of Insurance Commissioners' (the NAIC) *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the state of Texas. While the Department has adopted certain prescribed accounting practices that differ from those found in SAP, the Company's financials were not affected by those differences in 2012 or 2011.

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

The preparation of financial statements in conformity with NAIC SAP 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. The most significant item subject to estimates and assumptions is the actuarially determined medical claims liabilities included in the financial statements. Other significant estimates are the estimated risk adjustment payments receivable from CMS, certain amounts recorded related the Medicare Part D program (Part D), and unpaid claims adjustment expenses.

C. Accounting Policies

Net premium income on Medicare Advantage is due monthly from the Centers of Medicare and Medicaid Services (CMS) and is recognized as revenue during the period in which the Company is obligated to provide services to members. Premiums collected in advance are deferred and recorded as advance payments.

Net premium income on Part D payments received from CMS for which it assumes risk. Premium revenues are recognized ratably over the period in which eligible individuals are entitled to receive prescription drug benefits. Certain Part D payments from CMS represents payments for claims the Company pays for which it assumes no risk. The Company accounts for these subsidies as Amounts Receivable Relating to Uninsured Plans or Liability for Amounts Held under Uninsured Plans in the balance sheets.

Cost of care that is paid for fee-for-service basis, per diem, or other basis is recognized as services are rendered, including both actual reported claims and an estimate claims. IBNR claims are estimated by using historical trends, current membership statistics, and other information. Cost of care that is paid on a capitation basis is recognized in the month of coverage. Cost of pharmaceuticals is recognized in the month incurred.

Acquisition costs are certain marketing costs that vary with, and are primarily related to, the acquisition of member contracts. These costs are expensed as incurred and are included in general and administrative expenses in the accompanying statement of revenue and expenses.

In the normal course of business, the Company enters into transactions involving various types of financial instruments. These financial instruments primarily include bonds on the balance sheet. The Company did not have any off-balance sheet financial instruments as of December 31, 2012 and 2011. These instruments may change in value due to interest rate and market fluctuations and most also have credit risk. The Company evaluates and monitors each financial instrument individually.

Fair values of financial instruments are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances, where there is little or no activity

NOTES TO FINANCIAL STATEMENTS

for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price.

Effective December 31, 2010, the Company adopted SSAP No. 100, *Fair Value Measurements*. This guidance expands disclosures about fair value measurements and clarifies how to measure fair value by focusing on the price that would be received when selling an asset or paid to transfer a liability (exit price). Refer to Note 20 for information on the Company's fair value measurements.

The Company considers all highly liquid instruments that have original maturities of three months or less at acquisition to be cash equivalents.

Short-term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost.

Health premiums due and uncollected are recorded during the period the Company is obligated to provide services to members and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable losses in the Company's existing health premiums due and unpaid and is based on past-due balances greater than 90 days. Balances greater than 90 days past due which are not reserved are included as non-admitted assets. Account balances are charged off after all means of collection have been exhausted and the potential for recovery is considered remote.

Realized capital gains and losses are determined using the specific-identification method.

Investment income is accrued as earned and legally due to be paid to the Company.

The Company stops recognizing interest income when interest payments are 90 days past due for bonds. Investment income on these investments is only recognized as interest payments are received. Investments and investment income due and accrued are evaluated in accordance with SSAP No. 5, *Liabilities, Contingencies and Impairment of Assets* (SSAP No. 5) to determine whether impairment exists. Any amounts determined to be uncollectible are written off through the statement of revenue and expenses. No amounts were written off during 2012 or 2011.

The Company is included in the consolidated United States federal income tax return filed by Cigna Corporation (Cigna). Pursuant to the Tax Sharing Agreement with Cigna, federal income taxes are allocated to the Company as if it were filing on a separate return basis. The tax benefit of net operating losses, capital losses, and tax credits are funded to the extent they reduce the consolidated federal income tax liability. The Company generally recognizes deferred income taxes when assets and liabilities have different values for financial statement and tax reporting purposes (temporary difference). Limitations of the admitted amount of the deferred tax asset are calculated in accordance with SSAP No. 101, *Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10*. Refer to Note 9 for more detailed information about the Company's income taxes.

In accordance with various SSAP's, certain assets or certain portions of assets are excluded from the Company's admitted assets on its balance sheet through a direct charge to unassigned surplus. These nonadmitted assets may include intangible assets, capitalized software, furniture and equipment, leasehold improvements, unsecured receivables, prepaid expenses, overdue insurance premiums and subsidiary investments. Certain assets are limited by factors, such as a percentage of surplus, as to the amounts that qualify as admitted assets. Such asset may include electronic data processing equipment and deferred taxes.

The Company elected to use rounding in reporting certain amounts within the statement. The amounts in this statement pertain to the entire Company's business.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost. Amortization of bond premium or discount is calculated using the scientific (constant yield) interest

NOTES TO FINANCIAL STATEMENTS

method. Bonds containing call provisions are amortized to call date which produces the lowest asset value (yield to worst).

3. Common stocks – not applicable.
4. Preferred stocks – not applicable.
5. Mortgage loans – not applicable.
6. Loan-backed bonds and structured securities are stated at amortized cost using the constant yield method. Significant changes in estimated cash flows from the original purchase assumptions are accounted for generally using the retrospective adjustment. Significant changes in estimated cash flows from the original purchase assumptions for loan-backed and structured securities that have potential for loss of a significant portion of the original investment are accounted for using the prospective method. These securities are present on the balance sheet as bonds.
7. Investments in subsidiaries, controlled, and affiliated (SCA) entities – not applicable.
8. Investments in joint ventures, partnerships, and limited liabilities companies – not applicable.
9. Derivatives – not applicable.
10. The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
11. Unpaid claims and claims adjustment expenses represent the Company's liability for services that have been performed by providers for members that have not been settled. These liabilities include medical claims reported to the Company, as well as an actuarially determined estimate of claims that have been incurred by not yet reported (IBNR) to the Company. IBNR is based upon the Company's historical claims data, current enrollment, health services utilization statistics and other related information.

The Company develops its estimate of IBNR using standard actuarial development methodologies, including the completion factor method. This method estimates liabilities for claims based upon the historical lag between the month when services are rendered and the month claims are paid and takes into consideration factors such as expected medical cost inflation, seasonality patterns, product mix, and membership changes. The completion factor is a measure of how complete the claims paid to date are relative to the estimate of the total claims for services rendered for a given reporting period. Although the completion factors are generally reliable for older service periods, they are more volatile, and hence less reliable, for more recent periods, given that the typical billing lag for services can range from a week to as much as 90 days from the date of service. As a result, for the most recent two to four months, the estimate for incurred claims is developed from a trend factor analysis based upon per member per month claims trends experienced in the preceding months.

Each period, the Company reexamines the previously established estimates of claims payable and liabilities for incurred but unreported claims based on actual claim submissions and other relevant changes in facts and circumstances. As the liability estimates recorded in prior periods become more exact, the Company increases or decreases the amount of the estimates, and includes the changes in hospital and medical expenses in the period in which the change is identified. In every annual reporting period, the Company's operating results include the effects of more completely developed estimates associated with prior years. The determination of IBNR is complex and involves a significant amount of judgment. Changes in this estimate can materially affect, either favorably or unfavorably, the Company's statement of operation and financial position.

The Company accrues for medical incentive pools and provider bonuses based upon contractual terms and the most recent claims data available. Included in hospital and medical expenses are claim payments, capitation payments, risk sharing payments,

NOTES TO FINANCIAL STATEMENTS

and pharmacy costs, net of rebates, as well as estimates of future payments of claims provided for services rendered prior to year-end.

Capitation payments represent monthly contractual fees disbursed to physicians and other providers who are responsible for providing medical care to members. Risk sharing payments represent amounts paid under risk sharing arrangement with providers including independent physician associations. Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Rebates are recognized when the rebates are earned according to the contractual arrangements with the respective vendors. Premiums the Company pays to reinsurers are reported as hospital and medical expenses and related reinsurance recoveries are reported as deductions from hospital and medical expenses.

12. The Company has not modified its capitalization policy from the prior period.
13. Pharmacy rebates receivable consist of reasonably estimable amounts, based upon utilization data and past history, and billed amounts to pharmaceutical companies. The income from pharmacy rebates are reported as a reduction of claims expense in the summary of operations. Generally, rebate amounts are paid on a quarterly basis thirty days after the end of each quarter. Pharmaceutical rebates collected within 90 days of invoice date have been admitted.

2. Accounting Changes and Corrections of Errors

A. Material Changes in Accounting Principles and/or Correction of Errors

Changes in Accounting Principles

The Company adopted SSAP No. 101 – *Income Taxes – A replacement of SSAP No 10R and SSAP No. 10*, effective January 1, 2012. The new standard includes revised guidance for tax contingencies, non-elective deferred tax asset admissibility test along with significant modifications to the deferred tax asset admissibility test and disclosure modifications. The change resulting from the adoption of this revised statement was accounted for prospectively. The impact of the Company adopting SSAP No. 101 did not have a material impact on capital and surplus.

Corrections of Errors – not applicable

3. Business Combinations and Goodwill

A. Statutory Purchase Method – not applicable.

B. Statutory Merger

1. Bravo Health Texas, Inc. (BRTX) a Texas domiciled insurance company, and Bravo Health Insurance Company, Inc. (BHIC), a Delaware domiciled insurance company, merged with its affiliate, the Company, a Texas domiciled company, on March 31, 2012 and January 1, 2012, respectively, with the Company as the surviving entity.
2. The transaction was accounted for as a statutory merger between entities under common control. Assets and liabilities transferred between entities under common control are accounted for at historical cost.
3. Each share of capital stock of BRTX (\$0.01 par value per share), and BHIC (\$25,000 par value per share), whether issued, outstanding or held in treasury, was canceled upon the effectiveness of the merger. There was no change in the capital stock of HSLH as a result of the merger. The outstanding capital stock of HSLH as of December 31, 2012 consists of 2,500,000 shares of common stock (\$1 par value per share).
4. As the mergers were effective on or before March 31, 2012, the pre-merger revenue, net income, and surplus and surplus adjustments for BRTX, BHIC, and the Company are not presented. The accompanying financial statements were adjusted to include the financial position, operating results, and cash flows of BRTX and BHIC for all periods presented. In accordance with SSAP No. 68, *Business Combinations and*

NOTES TO FINANCIAL STATEMENTS

Goodwill, amounts in the statutory financial statements and accompanying notes have been restated as if the merger had occurred January 1, 2011. The merger resulted in an increase in unassigned surplus of \$138,403,588 as of December 31, 2011.

5. No adjustments were made directly to surplus, as all companies prepared statutory basis financial statements previously.
- C. Assumption Reinsurance – not applicable.
- D. Impairment Loss – not applicable.
4. Discontinued Operations
 1. Identity of Segment Discontinued – not applicable.
 2. Expected Disposal Date – not applicable.
 3. Expected Manner of Disposal – not applicable.
 4. Description of Remaining Assets and Liabilities – not applicable.
 5. Amounts Related to Discontinued Operations – not applicable.
5. Investments
 - A. Mortgage Loans, including Mezzanine Real Estate Loans – not applicable.
 - B. Debt Restructuring – not applicable.
 - C. Reverse Mortgages – not applicable.
 - D. Loan-Backed Securities
 1. Prepayment assumptions for loan-backed securities and other structured securities were obtained from external financial data sources. These assumptions are consistent with the current interest rate and economic environment.
 2. There are no loan-backed securities or structured securities with a recognized other-than-temporary impairment as of December 31, 2012.
 3. There are no loan-backed or structured securities where the present value of cash flows expected to be collected is less than amortized cost.
 4. All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):
 - a. The aggregate amount of unrealized losses:
 1. Less than 12 months: \$5,280
 2. 12 months or longer: \$1,425
 - b. The aggregate related fair value of securities with unrealized losses:
 1. Less than 12 months: \$816,068
 2. 12 months or longer: \$298,851
5. Management reviews loan-backed and other structured securities with a decline in fair value from cost for impairment based on criteria that include;
 - length of time and severity of decline;
 - financial and specific near term prospects of the issuer;
 - changes in the regulatory, economic or general market environment of the issuer's industry or geographic region; and
 - the Company's intent to sell or the inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost.

NOTES TO FINANCIAL STATEMENTS

- E. Repurchase Agreements and/or Securities Lending Transactions – not applicable.
 - F. Real Estate – not applicable.
 - G. Investments in Low Income Housing Tax Credits – not applicable.
6. Joint Ventures, Partnerships and Limited Liability Companies
- A. Investments in Joint Ventures, Partnerships and Limited Liability Companies – not applicable.
 - B. Impaired Investments in Joint Ventures, Partnerships and Limited Liability Companies – not applicable.
7. Investment Income
- A. Any investment income due and accrued with amounts that are over 90 days past due are nonadmitted and excluded from surplus.
 - B. As of December 31, 2012 and 2011, the Company had no investment income due and accrued with amounts that are over 90 days past due.
8. Derivative Instruments
- A. Market Risk, Credit Risk, and Cash Requirements for Derivatives – not applicable.
 - B. Objectives for the Use of Derivatives – not applicable.
 - C. Description of Accounting Policies for Derivatives – not applicable.
- D&E. Net Gain or Loss from Derivatives – not applicable.
- F. Cash Flow Hedges – not applicable.
9. Income Taxes

The Company is a member of a consolidated federal income tax sharing agreement and calculates deferred taxes on a separate company, reporting entity basis. The Company's deferred tax assets (DTA) and liabilities (DTL) are determined by identifying its temporary differences. These temporary differences are measured using a "balance sheet" approach by comparing statutory and tax basis balance sheets for the Company.

SSAP No. 101, *Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10* became effective January 1, 2012 and included revised disclosures requirements. Calendar year 2011 information has been presented to follow SSAP 101 disclosure requirements to allow for better comparison between the years. In presenting the calendar year 2011 information, no amounts were recalculated or changed.

NOTES TO FINANCIAL STATEMENTS

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1. Components of net admitted deferred tax assets.

	December 31, 2012		
	Ordinary	Capital	Total
(a) Gross DTA	\$ 7,575,637	\$ -	\$ 7,575,637
(b) Statutory valuation allowance adj.			-
(c) Adjusted gross DTA (1a - 1b)	7,575,637	-	7,575,637
(d) DTA nonadmitted	254,116	-	254,116
(e) Subtotal net admitted DTA (1c - 1d)	7,321,521	-	7,321,521
(f) DTL	781,475		781,475
(g) Net admitted DTA/(DTL) (1e - 1f)	\$ 6,540,046	\$ -	\$ 6,540,046

	December 31, 2011		
	Ordinary	Capital	Total
(a) Gross DTA	\$ 8,786,459	\$ -	\$ 8,786,459
(b) Statutory valuation allowance adj.	-		-
(c) Adjusted gross DTA (1a - 1b)	8,786,459	-	8,786,459
(d) DTA nonadmitted	942,995		942,995
(e) Subtotal net admitted DTA (1c - 1d)	7,843,464	-	7,843,464
(f) DTL	2,040,188		2,040,188
(g) Net admitted DTA/(DTL) (1e - 1f)	\$ 5,803,276	\$ -	\$ 5,803,276

	Change		
	Ordinary	Capital	Total
(a) Gross DTA	\$ (1,210,822)	\$ -	\$ (1,210,822)
(b) Statutory valuation allowance adj.	-	-	-
(c) Adjusted gross DTA (1a - 1b)	(1,210,822)	-	(1,210,822)
(d) DTA nonadmitted	(688,879)	-	(688,879)
(e) Subtotal net admitted DTA (1c - 1d)	(521,943)	-	(521,943)
(f) DTL	(1,258,713)	-	(1,258,713)
(g) Net admitted DTA/(DTL) (1e - 1f)	\$ 736,770	\$ -	\$ 736,770

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components of SSAP No. 101

	December 31, 2012		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 6,386,718	\$ -	\$ 6,386,718
(b) Admitted gross DTAs expected to be realized (excluding the amount of DTAs from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	153,328	-	153,328
1. Adjusted gross DTAs expected to be realized following the balance sheet date.	153,328	-	153,328
2. Adjusted gross DTAs allowed per limitation threshold.	xxx	xxx	64,916,837
(c) Adjusted gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	781,475	-	781,475
(d) DTAs admitted as the result of application of SSAP No. 101	-	-	-
Total 2(a) + 2(b) + 2(c)	<u>\$ 7,321,521</u>	<u>\$ -</u>	<u>\$ 7,321,521</u>
	December 31, 2011		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 5,803,276	\$ -	\$ 5,803,276
(b) Admitted gross DTAs expected to be realized (excluding the amount of DTAs from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	-	-	-
1. Adjusted gross DTAs expected to be realized following the balance sheet date.	-	-	-
2. Adjusted gross DTAs allowed per limitation threshold.	xxx	xxx	25,138,836
(c) Adjusted gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	2,040,188	-	2,040,188
(d) DTAs admitted as the result of application of SSAP No. 101	-	-	-
Total 2(a) + 2(b) + 2(c)	<u>\$ 7,843,464</u>	<u>\$ -</u>	<u>\$ 7,843,464</u>
	Change		
	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 583,442	\$ -	\$ 583,442
(b) Admitted gross DTAs expected to be realized (excluding the amount of DTAs from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	153,328	-	153,328
1. Adjusted gross DTAs expected to be realized following the balance sheet date.	153,328	-	153,328
2. Adjusted gross DTAs allowed per limitation threshold.	xxx	xxx	39,778,001
(c) Adjusted gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	(1,258,713)	-	(1,258,713)
(d) DTAs admitted as the result of application of SSAP No. 101	-	-	-
Total 2(a) + 2(b) + 2(c)	<u>\$ (521,943)</u>	<u>\$ -</u>	<u>\$ (521,943)</u>

NOTES TO FINANCIAL STATEMENTS

3. Information for Recovery Period and Threshold Limitation.

	2012 Percentage	2011 Percentage
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	861%	N/A
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 above	\$ 432,778,910	N/A

4. Impact of Tax-Planning Strategies – not applicable

B. Regarding Deferred Tax Liabilities that are not recognized:

All deferred tax liabilities have been properly recognized.

NOTES TO FINANCIAL STATEMENTS

C. Current income taxes incurred consist of the following major components:

	December 31,		
	2012	2011	Change
1. Current Income Taxes:	\$ 63,944,765	\$ 59,281,186	\$ 4,663,579
(a) Federal			-
(b) Foreign			-
(c) Subtotal			-
(d) Federal income tax on net capital gains	52,977	37,425	15,552
(e) Utilization of capital loss carry-forwards			-
(f) Other			-
(g) Federal and foreign income taxes incurred	<u>\$ 63,997,742</u>	<u>\$ 59,318,611</u>	<u>\$ 4,679,131</u>
2. Deferred Tax Assets:			
(a) Ordinary:			
(1) Discounting of unpaid losses	\$ 889,797	\$ 936,505	\$ (46,708)
(2) Unearned premium reserve		4,948	(4,948)
(3) Policyholder reserves			-
(4) Investments			-
(5) Deferred acquisition costs			-
(6) Policyholder dividends accrual			-
(7) Fixed assets			-
(8) Compensation and benefits accrual			-
(9) Pension accrual			-
(10) Receivables - nonadmitted	1,801,699	2,878,947	(1,077,248)
(11) Net operating loss carry-forward			-
(12) Tax credit carry-forward			-
(13) Other	41,997	42,352	(355)
(14) Deferred gain related to intangibles	1,495,577	1,648,905	(153,328)
(15) Allowance for doubtful accounts	3,346,567	3,203,861	142,706
(16) Premium deficiency reserve		70,941	(70,941)
(99) Subtotal	<u>\$ 7,575,637</u>	<u>\$ 8,786,459</u>	<u>\$ (1,210,822)</u>
(b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(c) Nonadmitted	\$ 254,116	\$ 942,995	\$ (688,879)
(d) Admitted ordinary DTAs (2a99 - 2b - 2c)	\$ 7,321,521	\$ 7,843,464	\$ (521,943)
(e) Capital:			
(1) Investments	\$ -	\$ -	\$ -
(2) Net capital loss carry-forward			-
(3) Real estate			-
(4) Other			-
(99) Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
(f) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g) Nonadmitted	\$ -	\$ -	\$ -
(h) Admitted capital DTAs (2a99 - 2f - 2g)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
(i) Admitted DTAs (2d + 2h)	<u>\$ 7,321,521</u>	<u>\$ 7,843,464</u>	<u>\$ (521,943)</u>

NOTES TO FINANCIAL STATEMENTS

3. Deferred Tax Liabilities: (in millions)

	December 31,		
	2012	2011	Change
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	\$ 15,534	\$ -	\$ 15,534
(2) Fixed assets			-
(3) Deferred and uncollected premium			-
(4) Policyholder reserves			-
(5) Other			-
(6) Deferred intercompany gain		313,746	(313,746)
(7) Pharmacy rebates	583,858	43,069	540,789
(8) Revenue, due to timing	180,980	1,667,777	(1,486,797)
(9) Section 481 adjustments		15,596	(15,596)
(8) Other ins & contract holder liability	1,103		1,103
(99) Subtotal	\$ 781,475	\$ 2,040,188	\$ (1,258,713)
(b) Capital:			
(1) Investments	\$ -	\$ -	-
(2) Real estate			-
(3) Other			-
(99) Subtotal	\$ -	\$ -	-
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 781,475	\$ 2,040,188	\$ (1,258,713)
4. Net deferred tax assets/(liabilities) (2i - 3c)	\$ 6,540,046	\$ 5,803,276	\$ 736,770

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted deferred tax assets which were reported separately as a part of the Change in Nonadmitted Assets on Page 5, Statement of Revenue and Expenses, line 39):

	December 31,		
	2012	2011	Change
Total gross deferred tax assets	\$ 7,575,637	\$ 8,786,459	\$ (1,210,822)
Total deferred tax liabilities	781,475	2,040,188	(1,258,713)
Net deferred tax assets/(deferred tax liabilities)	\$ 6,794,162	\$ 6,746,271	\$ 47,891
Statutory valuation allowance	-	-	-
Net DTA/(DTL) after SVA	\$ 6,794,162	\$ 6,746,271	\$ 47,891
Tax effect of unrealized gains (losses)			-
Change in net deferred income tax			\$ 47,891

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

The significant items causing a difference between the statutory federal income tax rate and the effective income tax rate are as follows:

	December 31,	Effective Tax
	2012	Rate
Provision computed at statutory rate	\$ 63,699,929	35.0%
Change in nonadmitted assets	1,077,248	0.6%
Investment income	(196,903)	-0.1%
Nondeductible expenses	23,399	0.0%
Other, net	(653,822)	-0.4%
Total	\$ 63,949,851	35.1%
Federal and foreign income taxes incurred	\$ 63,997,742	35.1%
Change in net deferred income taxes	(47,891)	0.0%
Total statutory income taxes	\$ 63,949,851	35.1%

NOTES TO FINANCIAL STATEMENTS

E. Operating Loss and Tax Credit Carryforwards

- (1) At December 31, 2012 the Company has utilized all its net operating or capital loss carry forwards.
- (2) The following are income taxes incurred in the current and prior years that will be available For recoupment in the event of future net losses:

Year	Amount
2012 (February - December)	\$ 60,797,224
2012 (Short Period - January)	\$ 3,200,518

- (3) Deposits under IRS Code Section 6603 – not applicable

F. Consolidated Federal Income Tax Return

- (1) For the period January 1, 2012 through January 31, 2012, the Company's Federal Income Tax return is consolidated with HealthSpring, Inc., and the following subsidiaries:

- Bravo Health Mid-Atlantic, Inc.
- Bravo Health Pennsylvania, Inc.
- HealthSpring Management, Inc.
- HealthSpring of Alabama, Inc.
- HealthSpring of Florida, Inc.
- HealthSpring of Tennessee, Inc.

For the period January 1, 2012 through January 31, 2012, the Company was subject to a written agreement with HealthSpring, Inc., and its subsidiaries, whereby an allocation is made primarily on a separate-return basis with current credit for net operating losses or other items utilized in the consolidated tax return. Intercompany balances are settled periodically, usually monthly, or when deemed necessary.

As of February 1, 2012, the Company's Federal Income Tax return is consolidated with Cigna Corporation ("Cigna") and the following subsidiaries:

- Allegiance Benefit Plan Management, Inc.
- Allegiance Cobra Services, Inc.
- Allegiance Life & Health Insurance Company, Inc.
- Allegiance Re, Inc.
- Arizona Healthplan, Inc.
- Benefit Management Corporation
- Bravo Health Mid-Atlantic, Inc.
- Bravo Health Pennsylvania, Inc.
- CG Individual Tax Benefit Payments, Inc.
- CG Life Pension Benefit Payments, Inc.
- CG LINA Pension Benefit Payments, Inc.
- Choicelinx, Inc.
- Cigna Arbor Life Insurance Company
- Cigna Behavioral Health, Inc.
- Cigna Behavioral Health of California, Inc.
- Cigna Behavioral Health of Texas, Inc.
- Cigna Benefits Financing, Inc.
- Cigna Dental Health, Inc.
- Cigna Dental Health of California, Inc.
- Cigna Dental Health of Colorado, Inc.
- Cigna Dental Health of Delaware, Inc.
- Cigna Dental Health of Florida, Inc.
- Cigna Dental Health of Illinois, Inc.
- Cigna Dental Health of Kansas, Inc.
- Cigna Dental Health of Kentucky, Inc.
- Cigna Dental Health of Maryland, Inc.
- Cigna Dental Health of Missouri, Inc.
- Cigna Dental Health of New Jersey, Inc.
- Cigna Dental Health of North Carolina, Inc.

NOTES TO FINANCIAL STATEMENTS

Cigna Dental Health of Ohio, Inc.
Cigna Dental Health of Pennsylvania, Inc.
Cigna Dental Health of Texas, Inc.
Cigna Dental Health of Virginia, Inc.
Cigna Dental Healthplan of Arizona, Inc.
Cigna Direct Marketing Company, Inc.
Cigna Federal Benefits, Inc.
Cigna Global Holdings, Inc.
Cigna Global Insurance Company Limited
Cigna Global Reinsurance Company, Ltd
Cigna Government Benefits, Inc.
Cigna Health and Life Insurance Company
Cigna Health Corporation
Cigna Health Management, Inc.
Cigna Healthcare Benefits, Inc.
Cigna Healthcare Holdings, Inc.
Cigna Healthcare, Inc.
Cigna Healthcare Mid-Atlantic, Inc.
Cigna Healthcare of Arizona, Inc.
Cigna Healthcare of California, Inc.
Cigna Healthcare of Colorado, Inc.
Cigna Healthcare of Connecticut, Inc.
Cigna Healthcare of Florida, Inc.
Cigna Healthcare of Georgia, Inc.
Cigna Healthcare of Illinois, Inc.
Cigna Healthcare of Indiana, Inc.
Cigna Healthcare of Maine, Inc.
Cigna Healthcare of Massachusetts, Inc.
Cigna Healthcare of New Hampshire, Inc.
Cigna Healthcare of New Jersey, Inc.
Cigna Healthcare of New York, Inc.
Cigna Healthcare of North Carolina, Inc.
Cigna Healthcare of Pennsylvania, Inc.
Cigna Healthcare of South Carolina, Inc.
Cigna Healthcare of St. Louis, Inc.
Cigna Healthcare of Tennessee, Inc.
Cigna Healthcare of Texas, Inc.
Cigna Healthcare of Utah, Inc.
Cigna Healthcare Pacific, Inc.
Cigna Holdings, Inc.
Cigna Holdings Overseas, Inc.
Cigna Integrated Care, Inc.
Cigna Intellectual Property, Inc.
Cigna International Corporation
Cigna International Finance, Inc.
Cigna International Services, Inc.
Cigna Investment Group, Inc.
Cigna Investments, Inc.
Cigna Life Insurance Company of New York
Cigna Magnolia Corporation
Cigna Managed Care Benefits Company
Cigna Mezzanine Partners, III, Inc.
Cigna RE Corporation
Cigna Resource Manager, Inc.
Cigna Worldwide Insurance Company
Connecticut General Benefit Payments, Inc.
Connecticut General Corporation
Connecticut General Life Insurance Company
Cottage Grove Real Estate, Inc.
Former Cigna Investments, Inc.
GreatWest Healthcare of Illinois, Inc.
Hazard Center Investment Co. LLC
HealthSpring Management, Inc.
HealthSpring of Alabama, Inc.
HealthSpring of Florida, Inc.
HealthSpring of Tennessee, Inc.

NOTES TO FINANCIAL STATEMENTS

HealthSpring, Inc.
Healthsource Benefits, Inc.
Healthsource, Inc.
Healthsource Properties, Inc.
IHN, Inc.
Intermountain Underwriters, Inc.
Intracorp, Inc.
Kronos Optimal Health Company
Life Insurance Company of North America
LINA Benefit Payments, Inc.
MCC Independent Practice Assoc of New York, Inc.
Mediversal, Inc.
Sagamore Health Network, Inc.
Tel-Drug, Inc.
Universal Claims Administration

As of February 1, 2012, the Company entered into a Consolidated Federal Income Tax Agreement (the "Agreement") with Cigna and its domestic subsidiaries. Pursuant to the Agreement, federal income taxes are allocated to the Company as if it were filing on a separate return basis. The tax benefit of net operating losses, capital losses and tax credits are funded to the extent they reduce the consolidated federal income tax liability.

G. Federal or Foreign Income Tax Loss Contingencies

CIGNA's federal income tax returns are routinely audited by the Internal Revenue Service (IRS). In management's opinion, adequate tax liabilities, including related charges should the IRS prevail, have been established to address potential exposures involving tax positions the Company has taken that may be challenged by the IRS. These liabilities could be revised in the near term if estimates of CIGNA's ultimate liability change as a result of new developments or a change in circumstances.

In 2012, the IRS commenced its examination of Cigna's 2009 and 2010 consolidated federal income tax returns.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. B. and C.

In 2011, the Company paid \$42,500,000 in ordinary dividends to NewQuest, LLC (the Parent). In 2011, the Company received a capital contribution of \$45,500,000 from the Parent. In 2012, no dividends were paid and no capital contributions were received.

Bravo Health Insurance Company, Inc. (BHIC), a Delaware domiciled insurance company, and Bravo Health Texas, Inc. (BRTX), a Texas domiciled insurance company, merged with the Company, on January 1, 2012 and March 31, 2012, respectively, with the Company as the surviving entity. The transaction was accounted for as a statutory merger between entities under common control. Assets and liabilities transferred between entities under common control are accounted for at historical cost. The accompanying financial statements were adjusted to include the financial position, operating results, and cash flows of BHIC and BRTX for all periods presented. In accordance with SSAP No. 68, Business Combinations and Goodwill, amounts in the statutory financial statements and accompanying notes have been restated as if the merger had occurred January 1, 2011. The merger resulted in an increase in unassigned surplus of \$138,403,588 as of December 31, 2011.

D. At December 31, 2012 and 2011, the Company reported \$36,079,591 and \$31,106,825, respectively, as the net amounts due to the parent, subsidiaries and affiliates, respectively. These amounts are settled periodically, usually monthly.

E. Guarantees Resulting in a Material Contingent Exposure – not applicable.

NOTES TO FINANCIAL STATEMENTS

F. Management Services Agreement

The Company has contracted for managerial, administrative, and financial support services through an administrative service contract based on a percentage of premium revenue with HealthSpring Management of America, LLC (HSMA). For the years-end December 31, 2012 and 2011, the Company paid approximately \$254,813,998 and \$232,793,005, respectively, in exchange for these services.

Effective January 31, 2012, the Company entered into a line of credit agreement with Cigna Holdings, Inc. under which the Company may borrow up to \$30,000,000. The Company did not borrow from this line of credit during 2012. As of December 31, 2012, there was no outstanding payable balance to Cigna Holdings, Inc.

Effective January 31, 2012, the Company entered into a line of credit agreement with Cigna Corporation, Inc. (Cigna) under the Company may lend up to \$30,000,000. Cigna did not borrow from this line of credit during 2012. As of December 31, 2012, there was no outstanding receivable balance from Cigna.

The Company has contracted with Cigna Investment, Inc. (CII) for investment advisory services. The Company and CII are indirect subsidiaries of Cigna Holdings, Inc., which is a direct wholly-owned subsidiary of Cigna Corporation, Inc. The Company paid CII \$99,248 in 2012 for these services.

Cigna's indirectly wholly-owned domestic subsidiary insurance companies have entered into a Consolidated Federal Income Tax Agreement (the Agreement), which became effective as of April 1, 1982. The Agreement sets forth the method of allocation of federal income taxes for Cigna and its wholly-owned domestic subsidiaries, including insurance subsidiaries. The Agreement provides for immediate reimbursement to companies with net operating losses to the extent that their losses are used to reduce consolidated taxable income; while those companies with current taxable income as calculated under federal separate return provisions, are liable for payment determined as if they had each filed a separate return. However, current credit is given for any foreign tax credit, operating loss or investment tax credit carryovers actually used in the current consolidated return. The Company joined the parties of the agreement effective January 31, 2012. As of December 31, 2012, the Company had \$8,894,570 payable under the agreement.

Effective October 19, 2012, the Company was added into an Expense Sharing Agreement between Cigna and various affiliates and subsidiaries. Cigna did not allocate any corporate overhead expenses in 2012 to the Company. With the exception of a limited number of expenses held at the corporate level such as expenses relating to investments, the servicing of debt, and stock compensation as calculated under SFAS No. 123R, all operating expenses of Cigna were allocated. These allocations were based on work effort studies and other appropriate methods, while other expense such as outside legal fees were directly charged to the related company.

The Company, CII and certain of its affiliates are parties to an investment pool agreement dated as of October 1, 2004, Amended and Restated effective April 1, 2011, which provides for participation in a pool of short-term investments to facilitate effective cash management. There are no fees separately assessed related to this agreement.

G. Ownership

All outstanding shares of the Company are owned by NewQuest, LLC, a limited liability company domiciled in the state of Texas, which is ultimately owned by HealthSpring, Inc.

On January 31, 2012, HealthSpring, Inc. (HS) completed the merger contemplated by the Agreement and Plan of Merger (the Merger Agreement), dated as of October 24, 2011, among HS, Cigna Corporation, a Delaware corporation (Cigna) and Cigna Magnolia Corp., a Delaware corporation and an indirect, wholly owned subsidiary of Cigna (Merger Sub). Pursuant to the Merger Agreement, HS was acquired by Cigna through a merger of Merger Sub with and into HS (the Merger), with HS surviving the Merger as an indirect, wholly owned subsidiary of Cigna.

H. Upstream Intermediate Entity – not applicable.

NOTES TO FINANCIAL STATEMENTS

- I. Investment in SCA Entity that Exceeds 10% of Admitted Assets – not applicable.
 - J. Investments in Impaired SCA's – not applicable.
 - K. Investments in Foreign Insurance Subsidiaries – not applicable.
 - L. Investment in a Downstream Non-Insurance Holding Company – not applicable.
11. Debt
- A. Debt and Capital Notes – not applicable.
 - B. FHLB Agreements – not applicable.
12. Retirement Plans, Deferred Compensation, Post-Employment Benefits and Compensated Absences and Other Postretirement Benefit Plans
- A. Defined Benefit Plan – not applicable.
 - B. Defined Contribution Plan – not applicable.
 - C. Multi-Employer Plan – not applicable.
 - D. Consolidated/Holding Company Plans – not applicable.
 - E. Postemployment Benefits and Compensated Absences – not applicable.
 - F. Impact of Medicare Modernization Act on Postretirement Benefits – not applicable.
13. Capital and Surplus, Shareholders' Dividend Restriction and Quasi-Reorganizations
- 1. The Company has 5,000,000 shares authorized, 2,500,000 shares issued and outstanding of \$1 par value Common Stock, owned entirely by NewQuest, LLC.
 - 2. The Company has no preferred stock outstanding.
 - 3. The payment of dividends by the Company to the shareholder is limited and can only be made from earned profits unless prior approval is received from the Department. The maximum amount of dividends that may be paid by insurance companies without prior approval is also subject to restrictions relating to statutory surplus and net income. The maximum ordinary dividend distribution allowed by the Company in 2013 is \$118,002,056. The Company's dividends are noncumulative.
 - 4. The Company paid ordinary dividends of \$42,500,000 in 2011 to its Parent and received \$45,500,000 in surplus contribution from its Parent. In 2012, the Company paid no dividends to its Parent.
 - 5. Within the limits of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
 - 6. Restrictions on Unassigned Surplus – none.
 - 7. For Mutual Companies, Advances to Surplus Not Repaid – not applicable.
 - 8. Stock Held by the Company, Including Stock of Affiliated Companies – not applicable.
 - 9. Special Surplus Funds – not applicable.
 - 10. Cumulative Unrealized Gains and Losses in Surplus – none.
 - 11. Surplus Note – none.
 - 12. Quasi-Reorganization – not applicable.
 - 13. Date of a Quasi –Reorganization – not applicable.

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

A. Contingent Commitments – none.

B. Assessments – none.

C. Gain Contingencies – none.

D. Claims-Related Extra-contractual Obligations – none.

E. All Other Contingencies Cigna and its subsidiaries (including the Company) are routinely involved in numerous claims, lawsuits, regulatory and IRS audits, investigations and other legal matters arising, for the most part, in the ordinary course of managing a health service business and administering life, accident and disability insurance business and products, including payments to providers and benefit level disputes. Such legal matters include benefit claims, breach of contract claims, tort claims, disputes regarding reinsurance arrangements, employment related suits, employee benefit claims, wage and hour claims, and intellectual property and real estate related disputes. Litigation of income tax matters is accounted for under the NAIC's accounting guidance for loss contingencies. Further information can be found in Note 9. The outcome of litigation and other legal matters is always uncertain, and unfavorable outcomes that are not justified by the evidence can occur. Cigna and its subsidiaries (including the Company) believe that they have valid defences to the legal matters against them and are defending them vigorously.

In connection with CMS's continuing statutory obligation to review risk score coding practices by Medicare Advantage plans, CMS is conducting audits of Medicare Advantage plans for compliance by the plans and their providers with proper coding practices (sometimes referred to as Risk Adjustment Data Validation Audits or RADV Audits. There can be no assurance that the Company will not be randomly selected or targeted for audit by CMS or that the outcome of such audit will not result in a material impact to the Company's results of operations and cash flows.

In December 2010, CMS published for public comment its proposed methodology for payment adjustments determined as a result of its various RADV Audits, including its methods for sampling, payment error calculation, and extrapolation of the error rate across the relevant plan population. Numerous comments challenging CMS's methodologies were submitted to CMS by participants in the Medicare Advantage program, including the Company, in January 2011.

In February 2012, CMS released a notice of final payment error calculation methodology for Medicare Advantage RADV audits. Among other matters, the notice provided that (i) CMS would perform its next round of Medicare Advantage contract-level audits on payment year 2011; (ii) payment year 2011 is the first year that CMS will conduct payment recovery based on extrapolated estimates; (iii) CMS expects to audit about 30 Medicare Advantage contracts each year; and (iv) payment recovery amounts will be subject to a fee-for-service adjuster that accounts for the fact that the documentation standard used in RADV audits to determine a contract's payment error is different from the documentation standard used to develop the Part C risk-adjustment model

15. Leases

A. Lessee Operating Leases – none

B. Lessor Leases – none

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

1. Financial Instruments with Off-Balance Sheet Risk – not applicable.

2. Nature and Terms of Financial Instruments with Off-Balance Sheet Risk – not applicable.

3. Amount of Loss – not applicable.

4. Policy for Requiring Collateral – not applicable.

NOTES TO FINANCIAL STATEMENTS

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
 - A. Transfer of Receivables Reported as Sales – not applicable.
 - B. Transfer and Servicing of Financial Assets – not applicable.
 - C. Wash Sales – none.
18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
 - A. ASO Plans – not applicable.
 - B. ASC Plans – not applicable.
 - C. Medicare or Similarly Structured Cost Based Reimbursement Contracts – not applicable.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
(A)-(F) Not applicable.
20. Fair Value Measurements
 - A. Fair Value Measurements at Reporting Date

As of December 31, 2012 and 2011, the Company had no financial instruments carried at fair value in the financial statements.

Fair value is defined as the price at which an asset could be exchanged in an orderly transaction between market participants at the balance sheet date. Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price.

The Company's financial assets and liabilities have been classified based upon a hierarchy by SAP. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to the fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a financial asset or liability carried at fair value would be classified in Level 3 if unobservable inputs were significant to the instrument's fair value, even though the measurement may be derived using inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The prices the Company uses to value the Company's investment assets are representative of prices that would be received to sell the assets at the measurement date (exit price) and are classified appropriately in the fair value hierarchy. The Company performs ongoing analyses of prices used to value invested assets to determine that they represent appropriate estimates of fair value. This process involves quantitative and qualitative analysis that is overseen by the Company's investment professionals, including reviews of pricing methodologies, judgments of valuation inputs, and assessments of the significance of any unobservable inputs, pricing statistics and trends. These reviews are also designed to ensure prices do not become stale, have reasonable explanations as to why they have changed from prior valuations, or require additional review of other anomalies. The Company also performs sample testing of sales values to confirm the accuracy of prior fair value estimates. Exceptions identified during these processes indicate that adjustments to prices are infrequent and result in immaterial adjustments to valuations.

NOTES TO FINANCIAL STATEMENTS

The following table provides the carrying value, fair value and classification in the fair value hierarchy of the Company's bonds not recorded at fair value as of December 31, 2012 and 2011.

December 31, 2012:

		Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Total	<u>Carrying Value</u>
Bonds	\$	11,082,485	\$ 132,373,139	-	\$	143,455,624	\$ 139,077,212

December 31, 2011:

		Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Total	<u>Carrying Value</u>
Bonds		8,952,231	128,529,389	-		137,481,621	\$ 134,777,483

The Company did not have any financial instruments with a fair value hierarchy of Level 3 at December 31, 2012 and 2011.

B. Disclosures about Financial Instruments Not Carried at Fair Value.

Bonds – Fair values for bonds are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price.

Cash, Cash Equivalents, and Short-term Investments – The carrying amounts reported in the accompanying financial statements for these financial instruments approximate their fair values.

21. Other Items

A. Extraordinary Items – none.

B. Troubled Debt Restructuring: Debtors – none.

C. Other Disclosures –

Assets in the amount of \$7,727,588 and \$14,022,006 at December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.

D. Healthcare premiums due and uncollected are recorded during the period the Company is obligated to provide services to members and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable losses in the Company's existing health premiums due and uncollected and is based on past-due balances greater than 90 days. Account balances are charged off after all means of collection have been exhausted and the potential for recovery is considered remote. At December 31, 2012 and 2011, the Company had admitted assets of \$16,436,332 and \$14,123,138 net receivable under government-insured included in health premiums due and uncollected, respectively.

E. Business Interruption Insurance Recoveries – none.

F. State Transferable Tax Credits – none.

G. Subprime Mortgage-Related Risk Exposure

1. Direct Exposure through Investments in Subprime Loans – not applicable.
2. Direct Exposure through Other Investments – not applicable.

NOTES TO FINANCIAL STATEMENTS

3. Underwriting Exposure to Subprime Mortgage Risk – not applicable.

H. Retained Assets - none

22. Events Subsequent

Subsequent events have been considered between the balance sheet date and March 1, 2013 for the statutory statement filed on March 1, 2013.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1- General Interrogatories

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

Yes () No (X)

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

Yes () No (X)

Section 2 – Ceded Reinsurance Report – Part A

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

Yes () No (X)

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

Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. none.

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

Yes () No (X)

B. Uncollectible Reinsurance – none.

C. Commutation of Ceded Reinsurance – none.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used to Estimate Accrued Retrospective Premium Adjustments – not applicable.

B. Where Accrued Retrospective Premium Adjustments are Recorded – not applicable.

C. Amount of Net Written Premiums Subject to Retrospective Rating Features – not applicable.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act – not applicable.

NOTES TO FINANCIAL STATEMENTS

25. Change in Incurred Losses and Loss Adjustment Expenses

The liability for claims unpaid as of December 31, 2011 was \$151,362,831. During 2012, \$135,621,599 has been paid on these liabilities. Reserves remaining for prior years are now \$1,756,183, as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a favorable prior year development of \$13,985,048 since December 31, 2011. This release is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

	Unpaid Claims	Accrued Medical Incentive Pool & Bonus	Healthcare Receivable	Total
12/31/2011 Balance	\$ 151,362,830	\$ 6,624,634	\$ (113,719,515)	\$ 44,267,950
Paid/(Received)	135,621,599	6,251,398	(113,719,515)	28,153,482
Favorable/(Unfav) Development	13,985,048	(47,893)		13,937,155
12/31/2012 Balance for 2011 & Prior	\$ 1,756,183	\$ 421,129	\$ -	\$ 2,177,312

26. Intercompany Pooling Arrangements

A.-G. – None.

27. Structure Settlements

Not applicable.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

The information below includes the stand-alone prescription drug plan line of business. The Estimated Pharmacy Rebates as Reported on Financial Statements for December 31, 2012 and 2011 excludes \$10,844 and \$8,106,391, respectively, related to non-admitted rebates.

Quarter Ended	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received Within More Than 180 Days of Billing
12/31/2012	\$ 71,748,097	\$ 69,348,589	\$ -	\$ -	\$ -
9/30/2012	66,776,920	66,277,981	63,878,473	-	-
6/30/2012	109,742,521	65,047,659	65,191,121	(154,307)	-
3/31/2012	108,110,143	65,442,745	44,176,978	21,494,479	(228,712)
12/31/2011	101,958,109	94,007,952	58,138,263	13,848,093	22,021,597
9/30/2011	107,881,074	75,350,797	71,784,003	3,577,174	(10,380)
6/30/2011	114,660,064	68,554,064	60,753,383	7,808,741	(8,060)
3/31/2011	90,958,428	70,923,817	55,197,966	15,756,704	(30,853)
12/31/2010	71,678,761	61,453,073	45,835,589	12,828,694	2,788,790
9/30/2010	71,940,946	52,844,390	52,709,446	108,789	26,155
6/30/2010	77,454,476	47,571,763	26,887,596	20,655,963	28,204
3/31/2010	67,066,670	48,692,105	1,397,579	47,204,942	89,584

B. Risk Sharing Receivables

None.

NOTES TO FINANCIAL STATEMENTS

C. Other Healthcare Receivables

Other Healthcare Receivables included \$2,819,768 in claims recoveries, \$924,960 related to the Texas Medicare Advantage Dual Eligible Special Need Plan and \$131,409 related to plan pharmacy settlements.

29. Participating Policies

None.

30. Premium Deficiency Reserves

Premium deficiencies occur when it is probable that expected claims expense (hospital/medical expenses and administrative expenses) will exceed future premiums on existing insurance contracts. For purposes of estimating premium deficiency losses, contracts are grouped in a manner consistent with the Company's method of acquiring, servicing, and measuring the profitability of such contracts. At December 31, 2011, the Company had liabilities of \$202,689 related to premium deficiency reserves on its STAR+PLUS Medicaid program. The Company did not consider anticipated investment income when calculating its premium deficiency reserves. The Company did not have any liabilities related to premium deficiency reserves at December 31, 2012.

31. Anticipated Salvage and Subrogation

None.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [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? Texas
- 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. 12/31/2010
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010
- 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). 09/19/2012
- 3.4 By what department or departments?
Texas 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 [X] No []
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
Bravo Health Insurance Company, Inc.	12784	DE
Bravo Health Texas, Inc.	10134	TX

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

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

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

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

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers, LLC 830 Crescent Centr Drive, Ste. 260 Nashville, TN 37067
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
.....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the response to 10.5 is no or n/a, please explain
.....
- 11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
David Terry, Chief Actuary HealthSpring, Inc.
9009 Carothers Parkway, Ste. 501
Franklin, Tennessee 37067
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 - 12.11 Name of real estate holding company
 - 12.12 Number of parcels involved
 - 12.13 Total book/adjusted carrying value \$
- 12.2 If, yes provide explanation:
.....
- 13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 - (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - (c) Compliance with applicable governmental laws, rules and regulations;
 - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is No, please explain:
.....
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
.....

GENERAL INTERROGATORIES

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

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

BOARD OF DIRECTORS

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

FINANCIAL

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

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []
- 24.02 If no, give full and complete information relating thereto
Not applicable
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
Not applicable
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

GENERAL INTERROGATORIES

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

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

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

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

25.21 Subject to repurchase agreements	\$	0
25.22 Subject to reverse repurchase agreements	\$	0
25.23 Subject to dollar repurchase agreements	\$	0
25.24 Subject to reverse dollar repurchase agreements	\$	0
25.25 Pledged as collateral	\$	0
25.26 Placed under option agreements	\$	0
25.27 Letter stock or other securities restricted as to sale	\$	0
25.28 On deposit with state or other regulatory body	\$	7,727,588
25.29 Other	\$	0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of America Securities, LLC	200 N. College Street, 3rd Floor Charlotte, NC 28255
US Bank, N.A.	Wachovia Building One West 4th Street, 7th Floor Winston-Salem, NC 27101
US Bank, N.A.	1025 Connecticut Ave, NE, Ste. 517 Washington, DC 20036
JP Morgan Chase	One Chase Manhattan Plaza New York, NY 10081
CitiBank, N.A.	111 Wall Street New York, NY 10043

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

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

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
US Bank, N.A.	JP Morgan Chase	07/19/2012	New custodian since HealthSpring Life & Health Insurance Company purchased by Cigna Corporation.

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

1 Central Registration Depository Number(s)	2 Name	3 Address
105811	Cigna Investments, Inc.	900 Cottage Grove Road Bloomfield, CT 06002

GENERAL INTERROGATORIES

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

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	141,581,066	145,959,476	4,378,410
30.2 Preferred stocks	0		0
30.3 Totals	141,581,066	145,959,476	4,378,410

- 30.4 Describe the sources or methods utilized in determining the fair values:
Fair values are based on quoted market prices
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
.....
- 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:
.....

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$0

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

1 Name	2 Amount Paid

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

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

1 Name	2 Amount Paid

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____ 0

1.62 Total incurred claims \$ _____ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ _____ 0

1.65 Total incurred claims \$ _____ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____ 0

1.72 Total incurred claims \$ _____ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ _____ 0

1.75 Total incurred claims \$ _____ 0

1.76 Number of covered lives 0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	2,167,787,015	2,072,379,156
2.2 Premium Denominator	2,167,787,015	2,072,379,156
2.3 Premium Ratio (2.1/2.2)	1.000	1.000
2.4 Reserve Numerator	217,183,978	169,244,351
2.5 Reserve Denominator	217,183,978	169,244,351
2.6 Reserve Ratio (2.4/2.5)	1.000	1.000

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

3.2 If yes, give particulars:

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

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

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

5.2 If no, explain:
Management has elected not to purchase stop-loss reinsurance based on historical trends.

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical \$ _____

5.32 Medical Only \$ _____

5.33 Medicare Supplement \$ _____

5.34 Dental & Vision \$ _____

5.35 Other Limited Benefit Plan \$ _____

5.36 Other \$ _____

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:
Contracts contain "hold harmless" language

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

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 3,845

8.2 Number of providers at end of reporting year 14,607

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

9.2 If yes, direct premium earned:

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

9.22 Business with rate guarantees over 36 months \$ _____

GENERAL INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [] No []
- 10.2 If yes:
- | | | |
|--|----|------------|
| 10.21 Maximum amount payable bonuses..... | \$ | 10,554,670 |
| 10.22 Amount actually paid for year bonuses..... | \$ | 10,920,737 |
| 10.23 Maximum amount payable withholds..... | \$ | 0 |
| 10.24 Amount actually paid for year withholds..... | \$ | 0 |
- 11.1 Is the reporting entity organized as:
- | | | |
|--|----------------------------------|--|
| 11.12 A Medical Group/Staff Model, | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] |
| 11.13 An Individual Practice Association (IPA), or, .. | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] |
| 11.14 A Mixed Model (combination of above)? | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] |
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [] No []
- 11.3 If yes, show the name of the state requiring such net worth. Texas
- 11.4 If yes, show the amount required. \$ 1,700,000
- 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
Alabama - Part D
Alaska - Part D
Arizona - Part D
Arkansas - Part D
California - Part D
Colorado - Part D
Connecticut - Part D
Delaware - Part D
District of Columbia - Part D
Florida - Part D
Georgia - Part D
Hawaii - Part D
Idaho - Part D
Illinois - Part D
Indiana - Part D
Iowa - Part D
Kansas - Part D
Kentucky - Part D
Louisiana - Part D
Maine - Part D
Maryland - Part D
Massachusetts - Part D
Michigan - Part D
Minnesota - Part D
Mississippi - Part D
Missouri - Part D
Montana - Part D
Nebraska - Part D
Nevada - Part D
New Hampshire - Part D
New Jersey - Part D
New Mexico - Part D
New York - Part D
North Carolina - Part D
North Dakota - Part D
Ohio - Part D
Oklahoma - Part D
Oregon - Part D
Pennsylvania - Part D
Rhode Island - Part D
South Carolina - Part D
South Dakota - Part D
Tennessee - Part D
Texas - Part D
Utah - Part D
Vermont - Part D
Virginia - Part D
Washington - Part D
West Virginia - Part D
Wisconsin - Part D
Wyoming - Part D
Dade, GA
Catoosa, GA
Walker, GA
Angelina, TX
Brazoria, TX
Chambers, TX
Cherokee, TX
Collin, TX
Dallas, TX
Denton, TX

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE HealthSpring Life & Health Insurance Company, Inc.

1 Name of Service Area
Ellis, TX
Fort Bend, TX
Galveston, TX
Grayson, TX
Gregg, TX
Hardin, TX
Harris, TX
Henderson, TX
Jasper, TX
Jefferson, TX
Johnson, TX
Kaufman, TX
Liberty, TX
Lubbock, TX
Montgomery, TX
Nacogdoches, TX
Newton, TX
Orange, TX
Polk, TX
Rains, TX
Rockwall, TX
Rusk, TX
Sabine, TX
San Augustine, TX
San Jacinto, TX
Smith, TX
Tarrant, TX
Tyler, TX
Upshur, TX
VanZandt, TX
Walker, TX
Waller, TX
Wood, TX
.....

- 13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$
- 13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 13.4 If yes, please provide the balance of funds administered as of the reporting date. \$

FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	796,241,036	529,652,410	265,076,775	220,659,734	
2. Total liabilities (Page 3, Line 24)	356,922,081	212,150,131	124,010,442	110,109,389	
3. Statutory surplus	1,700,000	1,700,000			
4. Total capital and surplus (Page 3, Line 33)	439,318,956	317,502,379	141,066,333	51,200,465	
Income Statement (Page 4)					
5. Total revenues (Line 8)	2,167,787,015	2,066,085,119	1,113,265,246	774,550,891	
6. Total medical and hospital expenses (Line 18)	1,711,096,177	1,657,566,392	891,691,508	612,209,741	
7. Claims adjustment expenses (Line 20)	84,215,413	80,679,576			
8. Total administrative expenses (Line 21)	183,561,772	164,710,434	122,044,114	91,021,049	
9. Net underwriting gain (loss) (Line 24)	189,116,342	161,501,389	98,004,612	70,884,202	
10. Net investment gain (loss) (Line 27)	4,137,501	3,118,228	1,601,025	564,101	
11. Total other income (Lines 28 plus 29)	(11,307,022)	(365,721)	(181,492)	0	
12. Net income or (loss) (Line 32)	118,002,056	104,972,710	65,103,199	42,610,970	
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	381,847,876	76,597,203	(14,154,310)	50,559,838	
Risk-Based Capital Analysis					
14. Total adjusted capital	439,318,956	317,502,379	141,148,424	110,550,345	
15. Authorized control level risk-based capital	50,264,854	55,939,749	34,059,053	26,504,290	
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	741,913	942,567	468,290	364,280	
17. Total members months (Column 6, Line 7)	9,023,887	11,062,577	5,389,806	4,156,939	
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	78.9	80.0	79.3	79.1	
20. Cost containment expenses	3.6	2.2	0.0	0.0	
21. Other claims adjustment expenses	0.3	1.7	0.6	0.1	
22. Total underwriting deductions (Line 23)	91.3	93.2	90.8	91.0	
23. Total underwriting gain (loss) (Line 24)	8.7	7.8	8.8	9.0	
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	30,330,793	24,436,444	45,371,640	38,261,106	
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	44,267,950	23,358,615	50,461,374	36,999,132	
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)		0			
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 Schedule DA Verification, Col. 5, Line 10)	0	0			
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above.					

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

Yes [X] No []

If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, etc.	1 Active Status	Direct Business Only								
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts	
1. Alabama AL	L	19,995,427						19,995,427		
2. Alaska AK	L	3,260,560						3,260,560		
3. Arizona AZ	L	4,147,934						4,147,934		
4. Arkansas AR	L	4,288,359						4,288,359		
5. California CA	L	21,103,760						21,103,760		
6. Colorado CO	L	1,891,906						1,891,906		
7. Connecticut CT	L	8,490,006						8,490,006		
8. Delaware DE	L	2,086,772						2,086,772		
9. District of Columbia DC	L	2,973,067						2,973,067		
10. Florida FL	L	2,448,136						2,448,136		
11. Georgia GA	L	10,215,487	19,093,148					29,308,635		
12. Hawaii HI	L	3,470,455						3,470,455		
13. Idaho ID	L	5,646,156						5,646,156		
14. Illinois IL	L	86,210,043						86,210,043		
15. Indiana IN	L	16,370,226						16,370,226		
16. Iowa IA	L	1,730,506						1,730,506		
17. Kansas KS	L	8,537,313						8,537,313		
18. Kentucky KY	L	14,819,776						14,819,776		
19. Louisiana LA	L	20,756,625						20,756,625		
20. Maine ME	L	901,351						901,351		
21. Maryland MD	L	14,523,387						14,523,387		
22. Massachusetts MA	L	26,647,755						26,647,755		
23. Michigan MI	L	53,956,852						53,956,852		
24. Minnesota MN	L	2,019,493						2,019,493		
25. Mississippi MS	L	19,361,140						19,361,140		
26. Missouri MO	L	6,630,585						6,630,585		
27. Montana MT	L	612,806						612,806		
28. Nebraska NE	L	1,000,655						1,000,655		
29. Nevada NV	L	2,687,930						2,687,930		
30. New Hampshire NH	L	1,309,806						1,309,806		
31. New Jersey NJ	L	2,164,376						2,164,376		
32. New Mexico NM	L	429,696						429,696		
33. New York NY	L	75,939,776						75,939,776		
34. North Carolina NC	L	2,635,245						2,635,245		
35. North Dakota ND	L	524,820						524,820		
36. Ohio OH	L	6,826,747						6,826,747		
37. Oklahoma OK	L	18,037,076						18,037,076		
38. Oregon OR	L	8,749,116						8,749,116		
39. Pennsylvania PA	L	19,234,393						19,234,393		
40. Rhode Island RI	L	3,999,759						3,999,759		
41. South Carolina SC	L	16,936,988						16,936,988		
42. South Dakota SD	L	520,760						520,760		
43. Tennessee TN	L	37,135,708						37,135,708		
44. Texas TX	L	100,855,298	1,217,495,526	208,756,101				1,527,106,924		
45. Utah UT	L	5,270,064						5,270,064		
46. Vermont VT	L	2,255,860						2,255,860		
47. Virginia VA	L	3,748,318						3,748,318		
48. Washington WA	L	20,599,476						20,599,476		
49. West Virginia WV	L	4,886,901	3,317,393					8,204,293		
50. Wisconsin WI	L	19,865,489						19,865,489		
51. Wyoming WY	L	258,448						258,448		
52. American Samoa AS	N							0		
53. Guam GU	N	6,471						6,471		
54. Puerto Rico PR	N	143,336						143,336		
55. U.S. Virgin Islands VI	N	6,453						6,453		
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	719,124,848	1,239,906,066	208,756,101	0	0	0	2,167,787,015	0	
60. Reporting entity contributions for Employee Benefit Plans	XXX							0		
61. Total (Direct Business)	(a) 51	719,124,848	1,239,906,066	208,756,101	0	0	0	2,167,787,015	0	
DETAILS OF WRITE-INS										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0	

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

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

Premiums are allocated based on membership.

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

**ANNUAL STATEMENT FOR THE YEAR 2012 OF THE HealthSpring Life & Health Insurance Company, Inc.
PART 1 -- ORGANIZATION CHART**

The following is a listing identifying and indicating the interrelationships among all affiliated insurers (identified by an asterisk, and if such insurer is incorporated in the United States of America, by a Federal Employer Identification Number, NAIC Company Code and Jurisdiction of Incorporation) and all other affiliates, as of December 31, 2012:

Cigna CORPORATION

(A Delaware corporation and ultimate parent company)

<u>Cigna Holdings, Inc.</u>	
	<u>Cigna Intellectual Property, Inc.</u>
	<u>Cigna Investment Group, Inc.</u>
	<u>Cigna International Finance Inc.</u>
	<u>Former Cigna Investments, Inc.</u>
	<u>Cigna Investments, Inc.</u>
	<u>Cigna Mezzanine Partners III, LP</u>
	<u>Cottage Grove Real Estate, Inc.</u>
	<u>Cigna Mezzanine Partners III, Inc.</u>
	<u>Cigna Benefits Financing, Inc.</u> (EI # 010947889, DE)
	<u>Connecticut General Corporation</u>
	<u>Benefit Management Corp.</u> (EI # 81-0585518)
	<u>*Allegiance Life & Health Insurance Company</u> (EI # 20-4433475, NAIC # 12814, MT)
	<u>*Allegiance Re, Inc.</u> (EI # 20-3851464, MT)
	<u>Allegiance Benefit Plan Management, Inc.</u>
	<u>Allegiance COBRA Services, Inc.</u>
	<u>Allegiance Provider Direct, LLC</u>
	<u>Community Health Network, LLC</u>
	<u>Intermountain Underwriters, Inc.</u>
	<u>Star Point, LLC</u>
	<u>HealthSpring, Inc.</u>
	<u>NewQuest, LLC</u>
	<u>Bravo Health, LLC</u>
	<u>*Bravo Health Mid-Atlantic, Inc.</u> (EI # 52-2259087, NAIC # 10095, MD)
	<u>*Bravo Health Pennsylvania, Inc.</u> (EI # 52-2363406, NAIC # 11254, PA)
	<u>*HealthSpring Life & Health Insurance Company</u> (EI # 20-8534298, NAIC # 12902, TX)
	<u>*HealthSpring of Alabama, Inc.</u> (EI # 63-0925225, NAIC # 95781, AL)
	<u>*HealthSpring of Florida, Inc.</u> (EI # 65-1129599, NAIC # 11532, FL)
	<u>NewQuest Management of Illinois, LLC</u>
	<u>NewQuest Management of Florida, LLC</u>
	<u>HealthSpring Management of America, LLC</u>
	<u>HealthSpring Financial Services, LLC</u>
	<u>NewQuest Management of West Virginia, LLC</u>
	<u>TexQuest, LLC</u>
	<u>HouQuest, LLC</u>
	<u>GulfQuest, LP</u>
	<u>NewQuest Management of Alabama, LLC</u>
	<u>HealthSpring USA, LLC</u>
	<u>HealthSpring Management, Inc.</u>
	<u>HealthSpring of Tennessee, Inc.</u> (EI # 62-1593150, NAIC # 11522, MD)
	<u>Tennessee Quest, LLC</u>
	<u>HealthSpring Pharmacy Services, LLC</u>
	<u>HealthSpring Pharmacy of Tennessee, LLC</u>
	<u>*Cigna Arbor Life Insurance Company</u> (EI # 03-0452349, NAIC # 13733, CT)
	<u>Cigna Behavioral Health, Inc.</u>
	<u>Cigna Behavioral Health of California, Inc.</u> (EI# 94-3107309)
	<u>Cigna Behavioral Health of Texas, Inc.</u> (EI# 75-2751090)
	<u>MCC Independent Practice Association of New York, Inc.</u>
	<u>Cigna Dental Health, Inc.</u>
	<u>Cigna Dental Health of California, Inc.</u> (EI# 59-2600475, CA)
	<u>Cigna Dental Health of Colorado, Inc.</u> (EI# 59-2675861, NAIC # 11175, CO)

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE HealthSpring Life & Health Insurance Company, Inc.

	<u>Cigna Dental Health of Delaware, Inc.</u> (EI# 59-2676987, NAIC # 95380, DE)
	<u>Cigna Dental Health of Florida, Inc.</u> (EI# 59-1611217, NAIC # 52021, FL)
	<u>Cigna Dental Health of Illinois, Inc.</u> (EI# 06-1351097, IL)
	<u>Cigna Dental Health of Kansas, Inc.</u> (EI# 59-2625350, NAIC # 52024, KS)
	<u>Cigna Dental Health of Kentucky, Inc.</u> (EI# 59-2619589, NAIC # 52108, KY)
	<u>Cigna Dental Health of Missouri, Inc.</u> (EI# 06-1582068, NAIC # 11160, MO)
	<u>Cigna Dental Health of New Jersey, Inc.</u> (EI# 59-2308062, NAIC # 11167, NJ)
	<u>Cigna Dental Health of North Carolina, Inc.</u> (EI# 56-1803464, NAIC # 95179, NC)
	<u>Cigna Dental Health of Ohio, Inc.</u> (EI# 59-2579774, NAIC # 47805, OH)
	<u>Cigna Dental Health of Pennsylvania, Inc.</u> (EI# 52-1220578, NAIC # 47041, PA)
	<u>Cigna Dental Health of Texas, Inc.</u> (EI# 59-2676977, NAIC # 95037, TX)
	<u>Cigna Dental Health of Virginia, Inc.</u> (EI# 52-2188914, NAIC # 52617, VA)
	<u>Cigna Dental Health Plan of Arizona, Inc.</u> (EI# 86-0807222, NAIC # 47013, AZ)
	<u>Cigna Dental Health of Maryland, Inc.</u> (EI# 20-2844020, NAIC # 48119, MD)
	<u>Cigna Health Corporation</u>
	<u>Healthsource, Inc.</u>
	<u>Cigna HealthCare of Arizona, Inc.</u> (EI# 86-0334392, NAIC#95125, AZ)
	<u>Cigna HealthCare of California, Inc.</u> (EI# 95-3310115, CA)
	<u>Cigna HealthCare of Colorado, Inc.</u> (EI# 84-1004500, NAIC # 95604, CO)
	<u>Cigna HealthCare of Connecticut, Inc.</u> (EI# 06-1141174, NAIC # 95660, CT)
	<u>Cigna HealthCare of Florida, Inc.</u> (EI# 59-2089259, NAIC # 95136, FL)
	<u>Cigna HealthCare of Illinois, Inc.</u> (EI# 36-3385638, NAIC # 95602, IL)
	<u>Cigna HealthCare of Maine, Inc.</u> (EI# 01-0418220, NAIC # 95447, ME)
	<u>Cigna HealthCare of Massachusetts, Inc.</u> (EI# 02-0402111, NAIC # 95220, MA)
	<u>Cigna HealthCare Mid-Atlantic, Inc.</u> (EI# 52-1404350, NAIC # 95599, MD)
	<u>Cigna HealthCare of New Hampshire, Inc.</u> (EI# 02-0387749, NAIC # 95493, NH)
	<u>Cigna HealthCare of New Jersey, Inc.</u> (EI# 22-2720890, NAIC # 95500, NJ)
	<u>Cigna HealthCare of Pennsylvania, Inc.</u> (EI# 23-2301807, NAIC # 95121, PA)
	<u>Cigna HealthCare of St. Louis, Inc.</u> (EI# 36-3359925, NAIC # 95635, MO)
	<u>Cigna HealthCare of Utah, Inc.</u> (EI# 62-1230908, NAIC # 95518, UT)
	<u>Cigna HealthCare of Georgia, Inc.</u> (EI# 58-1641057, NAIC # 96229, GA)
	<u>Cigna HealthCare of Texas, Inc.</u> (EI# 74-2767437, NAIC # 95383, TX)
	<u>Cigna HealthCare of Indiana, Inc.</u> (EI# 35-1679172, NAIC # 95525, IN)
	<u>Cigna HealthCare of New York, Inc.</u> (EI# 11-2758941, NAIC # 95488, NY)
	<u>Cigna HealthCare of Tennessee, Inc.</u> (EI# 62-1218053, NAIC # 95606, TN)
	<u>Cigna HealthCare of North Carolina, Inc.</u> (EI# 56-1479515, NAIC# 95132, NC)
	<u>Cigna HealthCare of South Carolina, Inc.</u> (EI# 06-1185590, NAIC # 95708, SC)
	<u>*Temple Insurance Company Limited (Bermuda)</u>
	<u>Arizona Health Plan, Inc.</u>
	<u>Healthsource Properties, Inc.</u>
	<u>Managed Care Consultants, Inc.</u>
	<u>Choicelinx Corporation</u>
	<u>Sagamore Health Network, Inc.</u>
	<u>Cigna Healthcare Holdings, Inc.</u> (EI# 84-0985843)
	<u>Great-West Healthcare of Illinois, Inc.</u> (EI# 93-1174749, NAIC 95388, IL)

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE HealthSpring Life & Health Insurance Company, Inc.

Cigna Healthcare, Inc.

*Cigna Life Insurance Company of Canada (Canada)
(AA-1560515)

*Cigna Life Insurance Company of New York
(EI# 13-2556568, NAIC # 64548, NY)

*Connecticut General Life Insurance Company
(EI# 06-0303370, NAIC # 62308, CT)

CARING - Albuquerque, LLC
(EI# 27-5402936, DE)

CG Gillette Ridge, LLC
| Gillette Ridge Apartments LLC

CG Merrick, LLC
| Merrick Park LLC
| Merrick Park Parking LLC

CG Morrison LLC
| Civic Holding LLC

CG Mystic Center LLC
| Station Landing Holding LLC

CG Mystic Land LLC
| ND/CG Holding LLC

CG Pinnacle, L.L.C.
| Pinnacle Industrial Center, LP

CG Skyline, LLC
| Skyline ND/CG LLC
| ND Mystic Center Note LLC
| Skyline Mezzanine Borrower, LLC
| Skyline at Station Landing, LLC

Careallies, LLC

Carson Bayport 1 LP

CG Bayport LLC
| Bayport Colony Apartments LLC

CG Shirlington LLC
| Shirlington Apartments LLC

CG Wheaton, LLC

CG-LINA Bayport I LLC

CG-LINA Colonial LLC
| ND/CG Colonial LLC
| PHF-ND Colonial LLC

CG-LINA Commonwealth LLC
| Unico/CG Commonwealth LLC
| Commonwealth Acquisition LLC

CG-LINA Jacob Way, LLC

CG-LINA Lovejoy LLC
| Unico-CG Lovejoy LLC

Cigna Onsite Health, LLC

CR Longwood Investors, LP
| ND/CR Longwood LLC
| ARE/ND/CR Longwood LLC

Gillette Ridge Community Council, Inc.

Gillette Ridge Golf LLC

Hazard Center Investment Company LLC

Secon Properties, LP.

Teal Rock 501 Grant Street GP, LLC

Teal Rock 501 Grant Street, LP

Tel-Drug of Pennsylvania, LLC

AEW/FDG, LP

CR Washington Investors LP

ND/CR Unicorn LLC

Union Wharf Apartments LLC

AMD Apartments Limited Partnership

SP Newport Crossing LLC

PUR Arbors Apartment Venture LLC

CG Seventh LLC

Ideal Properties II LLC

CG-LINA Realty Investors LLC

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE HealthSpring Life & Health Insurance Company, Inc.

	<u>CG-LINA Alessandro II LLC</u> <u>115 Sansome Street Associates, LLC</u> <u>121 Tasman Apartments LLC</u> <u>Alto Apartments LLC</u> <u>CG-LINA Paper Box LLC</u> <u>CG-LINA 10 Brookline, LLC</u> <u>ND/CR 10 Brookline LLC</u> <u>Cigna Affiliates Realty Investment Group, LLC</u> (EI# 27-5402196, DE) <u>Market Street Residential Holdings LLC</u> <u>Arborpoint at Market Street LLC</u> <u>Market Street Retail Holdings LLC</u> <u>Market Street South LLC</u> <u>Diamondview Tower CM-CG LLC</u> <u>Cigna Dulles Town, LLC</u> <u>Dulles Town Center Mall, LLC</u> <u>CORAC LLC</u> <u>Bridgepoint Office Park Associates, LLC</u> (EI# 27-3923999, DE) <u>Fairway Center Associates, LLC</u> (EI# 27-3126102, DE) <u>Henry on the Park Associates, LLC</u> (EI 27-3582688, DE) <u>*Cigna Health and Life Insurance Company</u> (EI # 59-1031071, NAIC # 67369, CT) <u>CarePlexus, LLC</u> (EI# 45-2681649; DE) <u>Cigna Corporate Services, LLC</u> (EI 27-3396038, DE) <u>Cigna Insurance Agency, LLC</u> (EI # 27-1903785, CT) <u>Ceres Sales of Ohio, LLC</u> (EI # 34-1970892, OH) <u>Central Reserve Life Insurance Company</u> (EI # 34-0970995, NAIC # 61727, OH) <u>Provident American Life and Health Insurance Company</u> (EI # 23-1335885, NAIC # 67903, OH) <u>United Benefit Life Insurance Company</u> (EI # 75-2305400, NAIC # 65269, OH) <u>Loyal American Life Insurance Company</u> (EI # 63-0343428, NAIC # 65722, OH) <u>American Retirement Life Insurance Company</u> (EI # 59-2760189, NAIC # 88366, OH)
|	<u>Cigna Health Management, Inc.</u> (EI# 23-1728483, DE) <u>Kronos Optimal Health Company</u> (20-8064696, AZ) <u>*Life Insurance Company of North America</u> (EI# 23-1503749, NAIC # 65498, PA) <u>*Cigna & CMC Life Insurance Company Limited (China) (50%)</u> (remaining interest owned by an unaffiliated party) <u>*LINA Life Insurance Company of Korea (Korea)</u> <u>Cigna Direct Marketing Company, Inc.</u> <u>Tel-Drug, Inc.</u> <u>Vielife Holdings Limited (United Kingdom)</u> <u>Vielife Limited (United Kingdom)</u> <u>Vielife Services, Inc.</u> <u>Businesshealth UK Limited</u> <u>CG Individual Tax Benefit Payments, Inc.</u> <u>CG Life Pension Benefits Payments, Inc.</u> <u>Cigna Federal Benefits, Inc.</u> <u>Cigna Healthcare Benefits, Inc.</u> <u>Cigna Integratedcare, Inc.</u> <u>Cigna Managed Care Benefits Company</u> <u>Cigna Re Corporation</u> <u>Blodget & Hazard Limited</u> <u>Cigna Resource Manager, Inc.</u> <u>Connecticut General Benefit Payments, Inc.</u> <u>Healthsource Benefits, Inc.</u> <u>IHN, Inc.</u> <u>LINA Benefit Payments, Inc.</u> <u>Mediversal, Inc.</u>

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE HealthSpring Life & Health Insurance Company, Inc.

	<u>Universal Claims Administration</u>
	<u>Cigna Global Holdings, Inc.</u>
	<u>Cigna International Corporation, Inc. (Delaware)</u>
	<u>Cigna International Services (Delaware)</u>
	<u>Cigna International Marketing (Thailand) Limited (Thailand)</u>
	<u>CGO Participatos LTDA</u>
	<u>YCFM Servicos LTDA</u>
	<u>*Cigna Global Reinsurance Company, Ltd. (Bermuda)</u>
	<u>Cigna Holdings Overseas, Inc.</u>
	<u>Cigna Bellevue Alpha LLC</u>
	<u>Cigna Hayat Sigorta, A.S.</u>
	<u>Cigna Nederland Alpha Cooperatief U.A. (Netherlands)</u>
	<u>Cigna Nederland Beta B.V. (Netherlands)</u>
	<u>Cigna Nederland Gamma B.V. (Netherlands)</u>
1240009))	<u>*Cigna Life Insurance Company of Europe S.A.-N.V. (Belgium) (99.998%)</u> (remaining interest owned by Cigna Global Holdings, Inc. - - AA-
	<u>*Cigna Europe Insurance Company S.A.-N.V. (Belgium) (99.999%)</u> (remaining interest owned by Cigna Global Holdings, Inc.)
	<u>Cigna European Services (UK) Limited (United Kingdom)</u>
	<u>Cigna 2000 UK Pension LTD</u>
	<u>Cigna Health Solution India Pvt. Ltd. (India)</u>
	<u>Cigna International Services Australia Pty Ltd (Australia)</u>
	<u>Cigna Apac Holdings Limited (New Zealand)</u>
	<u>*Cigna Life Insurance New Zealand Limited (New Zealand)</u>
	<u>Cigna Taiwan Life Assurance Company Limited (Thailand)</u>
	<u>*Cigna Taiwan Life Insurance Company Limited (New Zealand)</u>
	<u>Cigna Hong Kong Holdings Company Limited (Hong Kong)</u>
	<u>Cigna Data Services (Shanghai) Company Limited (China)</u>
	<u>Cigna HLA Technology Services Limited (Hong Kong)</u>
	<u>*Cigna Worldwide General Insurance Company Limited (Hong Kong)</u>
	<u>*Cigna Worldwide Life Insurance Company Limited (Hong Kong)</u>
	<u>PT GAR Indonesia</u>
	<u>PT PGU Indonesia</u>
	<u>RHP (Thailand) Limited</u>
	<u>Cigna Brokerage Services (Thailand) Limited (75%)</u> (remaining interest owned by Cigna Holdings Overseas, Inc.)
	<u>*Cigna Non-Life Insurance Brokerage (Thailand) Limited (74.975%)</u> (25% interest owned by Cigna Holdings Overseas, Inc. remaining interest owned by unaffiliated parties)
	<u>KDM (Thailand) Limited (Thailand) (99.999%)</u>
	<u>*Cigna Insurance Public Company Limited (75%)</u> (24.999% interest owned by Cigna Holdings Overseas, Inc.)
	<u>*Cigna Global Insurance Company Limited (Guernsey) (99.9999%)</u> (remaining interest owned by Cigna Global Holdings, Inc.)
	<u>Vanbreda International NV(Brussels)</u>
	<u>Vanbreda International Sdn. Bhd. (Malaysia)</u>
	<u>Vanbreda International (Beijing) Consultants and Administrators Co.</u>
Ltd (China)	<u>Vanbreda International, LLC (FL)</u>
	<u>Vanbreda International (Dubai) Limited (United Arab Emirates)</u>
	<u>*Cigna Worldwide Insurance Company</u> (EI# 23-2088429, NAIC # 90859, DE)
	<u>*PT. Asuransi Cigna (Indonesia) (80%)</u> (remaining interest owned by unaffiliated parties - AA-5360003)
	<u>FirstAssist Group Holdings Limited (UK)</u>
	<u>FirstAssist Group Limited (UK)</u>
	<u>FirstAssist Administration Limited (UK)</u>
	<u>Brighter Business Limited (UK)</u>
	<u>FirstAssist Legal Protection Limited (UK)</u>
	<u>FirstAssist Insurance Services Limited (UK)</u>

OVERFLOW PAGE FOR WRITE-INS

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 - Enrollment By Product Type for Health Business Only	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid	18
Exhibit 3 - Health Care Receivables	19
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 - Part 1 - Summary of Transactions With Providers	23
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries	23
Exhibit 8 - Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	29
Five-Year Historical Data	28
General Interrogatories	26
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	44
Schedule A - Part 1	E01
Schedule A - Part 2	E02
Schedule A - Part 3	E03
Schedule A - Verification Between Years	SI02
Schedule B - Part 1	E04
Schedule B - Part 2	E05
Schedule B - Part 3	E06
Schedule B - Verification Between Years	SI02
Schedule BA - Part 1	E07
Schedule BA - Part 2	E08
Schedule BA - Part 3	E09
Schedule BA - Verification Between Years	SI03
Schedule D - Part 1	E10
Schedule D - Part 1A - Section 1	SI05
Schedule D - Part 1A - Section 2	SI08
Schedule D - Part 2 - Section 1	E11
Schedule D - Part 2 - Section 2	E12
Schedule D - Part 3	E13
Schedule D - Part 4	E14
Schedule D - Part 5	E15
Schedule D - Part 6 - Section 1	E16
Schedule D - Part 6 - Section 2	E16
Schedule D - Summary By Country	SI04
Schedule D - Verification Between Years	SI03
Schedule DA - Part 1	E17
Schedule DA - Verification Between Years	SI10
Schedule DB - Part A - Section 1	E18
Schedule DB - Part A - Section 2	E19
Schedule DB - Part A - Verification Between Years	SI11
Schedule DB - Part B - Section 1	E20
Schedule DB - Part B - Section 2	E21
Schedule DB - Part B - Verification Between Years	SI11
Schedule DB - Part C - Section 1	SI12
Schedule DB - Part C - Section 2	SI13
Schedule DB - Part D	E22
Schedule DB - Verification	SI14
Schedule DL - Part 1	E23
Schedule DL - Part 2	E24
Schedule E - Part 1 - Cash	E25
Schedule E - Part 2 - Cash Equivalents	E26
Schedule E - Part 3 - Special Deposits	E27
Schedule E - Verification Between Years	SI15

ANNUAL STATEMENT BLANK (Continued)

Schedule S - Part 1 - Section 2	30
Schedule S - Part 2	31
Schedule S - Part 3 - Section 2	32
Schedule S - Part 4	33
Schedule S - Part 5	34
Schedule S - Part 6.....	36
Schedule S - Part 7.....	37
Schedule T - Part 2 - Interstate Compact	39
Schedule T - Premiums and Other Considerations	38
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14