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# HEALTH QUARTERLY STATEMENT

**As of September 30, 2012**

of the Condition and Affairs of the

# Express Scripts Insurance Company

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

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

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

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

| | | |
|---|---|---|
| Statutory Home Office | 7909 South Hardy Drive….. Tempe ..... AZ ..... 85284<br>*(Street and Number) (City or Town, State and Zip Code)* | |
| Main Administrative Office | 7909 South Hardy Drive….. Tempe ..... AZ ..... 85284<br>*(Street and Number) (City or Town, State and Zip Code)* | 866-332-5455-345966<br>*(Area Code) (Telephone Number)* |
| Mail Address | One Express Way, Mailstop HQ2E04….. Saint Louis ..... MO ..... 63121<br>*(Street and Number or P. O. Box) (City or Town, State and Zip Code)* | |
| Primary Location of Books and Records | One Express Way; Mailstop: HQ2E04….. St. Louis ..... MO ..... 63121<br>*(Street and Number) (City or Town, State and Zip Code)* | 800-332-5455-345966<br>*(Area Code) (Telephone Number)* |
| Internet Web Site Address | www.express-scripts.com | |
| Statutory Statement Contact | Kelia D Clements<br>*(Name)* | 800-332-5455-345966<br>*(Area Code) (Telephone Number) (Extension)* |
| | kdclements@express-scripts.com<br>*(E-Mail Address)* | 866-276-7055<br>*(Fax Number)* |

## OFFICERS

| Name | Title | Name | Title |
|---|---|---|---|
| 1. Britton Pim | President & Chief Executive Officer | 2. Jeffrey Hall | Chief Financial Officer |
| 3. Keith Ebling | Secretary | 4. Marty P Akins | Assistant Secretary |

## OTHER

Matthew Harper Treasurer

## DIRECTORS OR TRUSTEES

Pat McNamee Jeffrey Hall Ed Ignaczak Keith Ebling

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

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

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

Subscribed and sworn to before me

This 7th day of November, 2012

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

**Christopher P. Fisher, Notary Public**
St. Louis City, State of Missouri
My Commission Expires 10/24/2016
Commission Number 08408984

# ASSETS

| | Current Statement Date 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 December 31 Prior Year Net Admitted Assets |
|---|---|---|---|---|
| 1. Bonds | | | 0 | |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | | | 0 | |
| 2.2 Common stocks | | | 0 | |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens | | | 0 | |
| 3.2 Other than first liens | | | 0 | |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less $.....0 encumbrances) | | | 0 | |
| 4.2 Properties held for the production of income (less $.....0 encumbrances) | | | 0 | |
| 4.3 Properties held for sale (less $.....0 encumbrances) | | | 0 | |
| 5. Cash ($.....744,690), cash equivalents ($.....0) and short-term investments ($.....24,438,122) | 25,182,812 | | 25,182,812 | 28,775,019 |
| 6. Contract loans (including $.....0 premium notes) | | | 0 | |
| 7. Derivatives | | | 0 | |
| 8. Other invested assets | | | 0 | |
| 9. Receivables for securities | | | 0 | |
| 10. Securities lending reinvested collateral assets | | | 0 | |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 25,182,812 | 0 | 25,182,812 | 28,775,019 |
| 13. Title plants less $.....0 charged off (for Title insurers only) | | | 0 | |
| 14. Investment income due and accrued | 987 | | 987 | 976 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | | | 0 | |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums) | | | 0 | |
| 15.3 Accrued retrospective premiums | | | 0 | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | | | 0 | |
| 16.2 Funds held by or deposited with reinsured companies | | | 0 | |
| 16.3 Other amounts receivable under reinsurance contracts | | | 0 | |
| 17. Amounts receivable relating to uninsured plans | 17,634,212 | | 17,634,212 | 3,042,417 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | |
| 18.2 Net deferred tax asset | | | 0 | 2,025 |
| 19. Guaranty funds receivable or on deposit | | | 0 | |
| 20. Electronic data processing equipment and software | | | 0 | |
| 21. Furniture and equipment, including health care delivery assets ($.....0) | | | 0 | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | |
| 23. Receivables from parent, subsidiaries and affiliates | | | 0 | |
| 24. Health care ($.....0) and other amounts receivable | | | 0 | |
| 25. Aggregate write-ins for other than invested assets | 0 | 0 | 0 | 0 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25) | 42,818,011 | 0 | 42,818,011 | 31,820,437 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | |
| 28. Total (Lines 26 and 27) | 42,818,011 | 0 | 42,818,011 | 31,820,437 |

**DETAILS OF WRITE-INS**

| | | | | |
|---|---|---|---|---|
| 1101. | | | 0 | |
| 1102. | | | 0 | |
| 1103. | | | 0 | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above) | 0 | 0 | 0 | 0 |
| 2501. | | | 0 | |
| 2502. | | | 0 | |
| 2503. | | | 0 | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above) | 0 | 0 | 0 | 0 |

# LIABILITIES, CAPITAL AND SURPLUS

| | | Current Period | | | Prior Year |
|---|---|---|---|---|---|
| | | 1<br>Covered | 2<br>Uncovered | 3<br>Total | 4<br>Total |
| 1. | Claims unpaid (less $.....0 reinsurance ceded) | 164,700 | | 164,700 | 316,200 |
| 2. | Accrued medical incentive pool and bonus amounts | | | 0 | |
| 3. | Unpaid claims adjustment expenses | 3,300 | | 3,300 | 6,300 |
| 4. | Aggregate health policy reserves, including the liability of $.....0 for medical loss ratio rebate per the Public Health Service Act | | | 0 | |
| 5. | Aggregate life policy reserves | | | 0 | |
| 6. | Property/casualty unearned premium reserve | | | 0 | |
| 7. | Aggregate health claim reserves | | | 0 | |
| 8. | Premiums received in advance | | | 0 | |
| 9. | General expenses due or accrued | | | 0 | 18,500 |
| 10.1 | Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses)) | 2,197,817 | | 2,197,817 | 2,824,341 |
| 10.2 | Net deferred tax liability | 19,791 | | 19,791 | |
| 11. | Ceded reinsurance premiums payable | | | 0 | |
| 12. | Amounts withheld or retained for the account of others | | | 0 | |
| 13. | Remittances and items not allocated | | | 0 | |
| 14. | Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current) | | | 0 | |
| 15. | Amounts due to parent, subsidiaries and affiliates | 7,236,363 | | 7,236,363 | 4,436,043 |
| 16. | Derivatives | | | 0 | |
| 17. | Payable for securities | | | 0 | |
| 18. | Payable for securities lending | | | 0 | |
| 19. | Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers) | | | 0 | |
| 20. | Reinsurance in unauthorized companies | | | 0 | |
| 21. | Net adjustments in assets and liabilities due to foreign exchange rates | | | 0 | |
| 22. | Liability for amounts held under uninsured plans | 16,217,125 | | 16,217,125 | 6,054,025 |
| 23. | Aggregate write-ins for other liabilities (including $.....0 current) | 0 | 0 | 0 | 0 |
| 24. | Total liabilities (Lines 1 to 23) | 25,839,096 | 0 | 25,839,096 | 13,655,409 |
| 25. | Aggregate write-ins for special surplus funds | XXX | XXX | 0 | 0 |
| 26. | Common capital stock | XXX | XXX | 2,600,000 | 2,600,000 |
| 27. | Preferred capital stock | XXX | XXX | | |
| 28. | Gross paid in and contributed surplus | XXX | XXX | 6,330,976 | 6,330,976 |
| 29. | Surplus notes | XXX | XXX | | |
| 30. | Aggregate write-ins for other than special surplus funds | XXX | XXX | 0 | 0 |
| 31. | Unassigned funds (surplus) | XXX | XXX | 8,047,939 | 9,234,052 |
| 32. | Less treasury stock, at cost: | | | | |
| | 32.1 .....0.000 shares common (value included in Line 26 $.....0) | XXX | XXX | | |
| | 32.2 .....0.000 shares preferred (value included in Line 27 $.....0) | XXX | XXX | | |
| 33. | Total capital and surplus (Lines 25 to 31 minus Line 32) | XXX | XXX | 16,978,915 | 18,165,028 |
| 34. | Total liabilities, capital and surplus (Lines 24 and 33) | XXX | XXX | 42,818,011 | 31,820,437 |

**DETAILS OF WRITE-INS**

| | | | | |
|---|---|---|---|---|
| 2301. | | | 0 | |
| 2302. | | | 0 | |
| 2303. | | | 0 | |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | 0 | 0 | 0 | 0 |
| 2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above) | 0 | 0 | 0 | 0 |
| 2501. | | | | |
| 2502. | | | | |
| 2503. | | | | |
| 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. | | | | |
| 3002. | | | | |
| 3003. | | | | |
| 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 To Date | | Prior Year To Date | Prior Year Ended December 31 |
|---|---|---|---|---|
| | 1<br>Uncovered | 2<br>Total | 3<br>Total | 4<br>Total |
| 1. Member months | XXX | 444,962 | 235,742 | 245,224 |
| 2. Net premium income (including $.....0 non-health premium income) | XXX | 69,127,063 | 32,372,498 | 44,773,898 |
| 3. Change in unearned premium reserves and reserve for rate credits | XXX | | | |
| 4. Fee-for-service (net of $.....0 medical expenses) | XXX | | | |
| 5. Risk revenue | XXX | | | |
| 6. Aggregate write-ins for other health care related revenues | XXX | 0 | 0 | 0 |
| 7. Aggregate write-ins for other non-health revenues | XXX | 0 | 0 | 0 |
| 8. Total revenues (Lines 2 to 7) | XXX | 69,127,063 | 32,372,498 | 44,773,898 |
| **Hospital and Medical:** | | | | |
| 9. Hospital/medical benefits | | | | |
| 10. Other professional services | | | | |
| 11. Outside referrals | | | | |
| 12. Emergency room and out-of-area | | | | |
| 13. Prescription drugs | | 84,966,804 | 34,518,425 | 44,317,947 |
| 14. Aggregate write-ins for other hospital and medical | 0 | 0 | 0 | 0 |
| 15. Incentive pool, withhold adjustments and bonus amounts | | | | |
| 16. Subtotal (Lines 9 to 15) | 0 | 84,966,804 | 34,518,425 | 44,317,947 |
| **Less:** | | | | |
| 17. Net reinsurance recoveries | | | | |
| 18. Total hospital and medical (Lines 16 minus 17) | 0 | 84,966,804 | 34,518,425 | 44,317,947 |
| 19. Non-health claims (net) | | | | |
| 20. Claims adjustment expenses, including $.....0 cost containment expenses | | 12,900 | 9,028,811 | 6,300 |
| 21. General administrative expenses | | (14,060,607) | (14,047,131) | (7,016,161) |
| 22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only) | | | | |
| 23. Total underwriting deductions (Lines 18 through 22) | 0 | 70,919,097 | 29,500,105 | 37,308,086 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) | XXX | (1,792,034) | 2,872,393 | 7,465,812 |
| 25. Net investment income earned | | 1,213 | 47,972 | 51,163 |
| 26. Net realized capital gains (losses) less capital gains tax of $.....0 | | | | |
| 27. Net investment gains or (losses) (Lines 25 plus 26) | 0 | 1,213 | 47,972 | 51,163 |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)] | | | | |
| 29. Aggregate write-ins for other income or expenses | 0 | 0 | 0 | 0 |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) | XXX | (1,790,821) | 2,920,365 | 7,516,975 |
| 31. Federal and foreign income taxes incurred | XXX | (626,524) | 1,020,838 | 2,608,327 |
| 32. Net income (loss) (Lines 30 minus 31) | XXX | (1,164,297) | 1,899,527 | 4,908,648 |

**DETAILS OF WRITE-INS**

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

# STATEMENT OF REVENUE AND EXPENSES (Continued)

| CAPITAL AND SURPLUS ACCOUNT | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year<br>Ended December 31 |
|---|---|---|---|
| 33. Capital and surplus prior reporting year | 18,165,028 | 13,256,001 | 13,256,001 |
| 34. Net income or (loss) from Line 32 | (1,164,297) | 1,899,527 | 4,908,648 |
| 35. Change in valuation basis of aggregate policy and claim reserves | | | |
| 36. Change in net unrealized capital gains (losses) less capital gains tax of $.....0 | | | |
| 37. Change in net unrealized foreign exchange capital gain or (loss) | | | |
| 38. Change in net deferred income tax | (21,816) | (1,290) | 379 |
| 39. Change in nonadmitted assets | | | |
| 40. Change in unauthorized reinsurance | | | |
| 41. Change in treasury stock | | | |
| 42. Change in surplus notes | | | |
| 43. Cumulative effect of changes in accounting principles | | | |
| 44. Capital changes: | | | |
| 44.1 Paid in | | | |
| 44.2 Transferred from surplus (Stock Dividend) | | | |
| 44.3 Transferred to surplus | | | |
| 45. Surplus adjustments: | | | |
| 45.1 Paid in | | | |
| 45.2 Transferred to capital (Stock Dividend) | | | |
| 45.3 Transferred from capital | | | |
| 46. Dividends to stockholders | | | |
| 47. Aggregate write-ins for gains or (losses) in surplus | 0 | 0 | 0 |
| 48. Net change in capital and surplus (Lines 34 to 47) | (1,186,113) | 1,898,237 | 4,909,027 |
| 49. Capital and surplus end of reporting period (Line 33 plus 48) | 16,978,915 | 15,154,238 | 18,165,028 |

**DETAILS OF WRITE-INS**

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

# CASH FLOW

| | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year Ended<br>December 31 |
|---|---|---|---|
| **CASH FROM OPERATIONS** | | | |
| 1. Premiums collected net of reinsurance | 69,127,063 | 32,372,498 | 44,773,898 |
| 2. Net investment income | 1,202 | 50,130 | 54,212 |
| 3. Miscellaneous income | | | |
| 4. Total (Lines 1 through 3) | 69,128,264 | 32,422,628 | 44,828,110 |
| 5. Benefit and loss related payments | 85,118,304 | 34,713,725 | 44,250,747 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | (9,597,512) | (23,709,824) | (11,060,798) |
| 8. Dividends paid to policyholders | | | |
| 9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses) | (0) | | 1,039,624 |
| 10. Total (Lines 5 through 9) | 75,520,792 | 11,003,901 | 34,229,572 |
| 11. Net cash from operations (Line 4 minus Line 10) | (6,392,528) | 21,418,726 | 10,598,538 |
| **CASH FROM INVESTMENTS** | | | |
| 12. Proceeds from investments sold, matured or repaid: | | | |
| 12.1 Bonds | | | |
| 12.2 Stocks | | | |
| 12.3 Mortgage loans | | | |
| 12.4 Real estate | | | |
| 12.5 Other invested assets | | | |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | | | |
| 12.7 Miscellaneous proceeds | | | |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 0 | 0 | 0 |
| 13. Cost of investments acquired (long-term only): | | | |
| 13.1 Bonds | | | |
| 13.2 Stocks | | | |
| 13.3 Mortgage loans | | | |
| 13.4 Real estate | | | |
| 13.5 Other invested assets | | | |
| 13.6 Miscellaneous applications | | | |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 0 | 0 | 0 |
| 14. Net increase (decrease) in contract loans and premium notes | | | |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) | 0 | 0 | 0 |
| **CASH FROM FINANCING AND MISCELLANEOUS SOURCES** | | | |
| 16. Cash provided (applied): | | | |
| 16.1 Surplus notes, capital notes | | | |
| 16.2 Capital and paid in surplus, less treasury stock | | | |
| 16.3 Borrowed funds | | | |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | | | |
| 16.5 Dividends to stockholders | | | |
| 16.6 Other cash provided (applied) | 2,800,320 | (32,759,202) | (19,297,120) |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) | 2,800,320 | (32,759,202) | (19,297,120) |
| **RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS** | | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17) | (3,592,208) | (11,340,476) | (8,698,583) |
| 19. Cash, cash equivalents and short-term investments: | | | |
| 19.1 Beginning of year | 28,775,019 | 37,473,602 | 37,473,602 |
| 19.2 End of period (Line 18 plus Line 19.1) | 25,182,812 | 26,133,126 | 28,775,019 |

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

| | | | |
|---|---|---|---|
| 20.0001 | | | |

# EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

| | 1 | Comprehensive (Hospital & Medical) | | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | 2 Individual | 3 Group | Medicare Supplement | Vision Only | Dental Only | Federal Employees Health Benefit Plan | Title XVIII Medicare | Title XIX Medicaid | Other |
| **Total Members at End of:** | | | | | | | | | | |
| 1. Prior Year | 21,359 | | | | | | | | | 21,359 |
| 2. First Quarter | 49,160 | | | | | | | | | 49,160 |
| 3. Second Quarter | 49,483 | | | | | | | | | 49,483 |
| 4. Third Quarter | 50,478 | | | | | | | | | 50,478 |
| 5. Current Year | 0 | | | | | | | | | |
| 6. Current Year Member Months | 444,962 | | | | | | | | | 444,962 |
| **Total Member Ambulatory Encounters for Period:** | | | | | | | | | | |
| 7. Physician | 0 | | | | | | | | | |
| 8. Non-Physician | 0 | | | | | | | | | |
| 9. Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. Hospital Patient Days Incurred | 0 | | | | | | | | | |
| 11. Number of Inpatient Admissions | 0 | | | | | | | | | |
| 12. Health Premiums Written (a) | 69,127,063 | | | | | | | | | 69,127,063 |
| 13. Life Premiums Direct | 0 | | | | | | | | | |
| 14. Property/Casualty Premiums Written | 0 | | | | | | | | | |
| 15. Health Premiums Earned | 69,127,063 | | | | | | | | | 69,127,063 |
| 16. Property/Casualty Premiums Earned | 0 | | | | | | | | | |
| 17. Amount Paid for Provision of Health Care Services | 85,118,304 | | | | | | | | | 85,118,304 |
| 18. Amount Incurred for Provision of Health Care Services | 84,966,804 | | | | | | | | | 84,966,804 |

(a) For health premiums written: Amount of Medicare Title XVIII exempt from state taxes or fees $.....0.

# CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

| 1<br>Account | 2<br>1 - 30 Days | 3<br>31 - 60 Days | 4<br>61 - 90 Days | 5<br>91 - 120 Days | 6<br>Over 120 Days | 7<br>Total |
|---|---|---|---|---|---|---|
| **Claims Unpaid (Reported)** | | | | | | |
| 0699999. Total Amounts Withheld | | | | | | 164,700 |
| 0799999. Total Claims Unpaid | | | | | | 164,700 |

# UNDERWRITING AND INVESTMENT EXHIBIT

## Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

| Line of Business | Claims Paid Year to Date | | Liability End of Current Quarter | | 5 | 6 |
|---|---|---|---|---|---|---|
| | 1<br>On Claims Incurred Prior to January 1 of Current Year | 2<br>On Claims Incurred During the Year | 3<br>On Claims Unpaid December 31 of Prior Year | 4<br>On Claims Incurred During the Year | Claims Incurred in Prior Years (Columns 1 + 3) | Estimated Claim Reserve and Claim Liability December 31 of Prior Year |
| 1. Comprehensive (hospital and medical) | | | | | 0 | |
| 2. Medicare Supplement | | | | | 0 | |
| 3. Dental only | | | | | 0 | |
| 4. Vision only | | | | | 0 | |
| 5. Federal Employees Health Benefits Plan | | | | | 0 | |
| 6. Title XVIII - Medicare | | | | | 0 | |
| 7. Title XIX - Medicaid | | | | | 0 | |
| 8. Other health | 54,558 | 85,063,746 | | 164,700 | 54,558 | 316,200 |
| 9. Health subtotal (Lines 1 to 8) | 54,558 | 85,063,746 | 0 | 164,700 | 54,558 | 316,200 |
| 10. Healthcare receivables (a) | | | | | 0 | |
| 11. Other non-health | | | | | 0 | |
| 12. Medical incentive pools and bonus amounts | | | | | 0 | |
| 13. Totals (Lines 9-10+11+12) | 54,558 | 85,063,746 | 0 | 164,700 | 54,558 | 316,200 |

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

# NOTES TO FINANCIAL STATEMENTS

**Note 1 - Summary of Significant Accounting Policies**

A. Accounting Principles

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

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

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

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

C. Accounting Policy

Balance Sheet

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash also includes savings accounts, Department (as defined above) deposits and certificates of deposit with original maturities of three months or less. In compliance with the state of Arizona's request in December 2008, the Company diversified its working cash bank accounts in JP Morgan Chase to comply with the state of domicile's (Arizona) 10 percent diversification regulation AR 20-535 limitation on percentage of assets invested with single person. The Company worked with JP Morgan Chase to diversify in various JP Morgan Fund Family fund accounts while meeting the needs of the Company and other requirements of states that required diversification on their behalf during the Expansion Application process. The Company continues to monitor its diversification methodologies while being in compliance with regulation AR 20-535 limitations. In June 2010, the Company deposited $50,000 into a Wells Fargo FDIC Insured Commercial Checking (Restricted) account as requested by the state of California during the licensure process and received the Certificate of Authority from California DMHC in November. The balances of these accounts as of September 30, 2012 are as follows:

| | |
|---|---|
| Cash: | |
| JP Morgan Chase Bank - Chicago, Illinois | $ 539,644 |
| US Bank – FDIC Insured Commercial Checking (Unrestricted OR) | 19,862 |
| Bank of America Fixed Income 12 month CD (Restricted AR) | 100,000 |
| US Bank - Fixed Income 12 month CD (Restricted GA) | 35,004 |
| Wells Fargo - FDIC Insured Commercial Checking (Restricted CA) | 50,181 |
| Total Cash | $ 744,690 |

Short-Term Investments - Short-term investments include investments in U.S. Treasury Bills with a maturity of twelve months or less. The investments maintained in an account with Union Bank are to fulfill the minimum account balances required for the Company's Certificate of Authority with the state of Arizona as well as other states with which the Company has applied for licenses. The account with Union Bank has restrictions on access to the funds. The state of North Carolina has refunded $200,000 of the restricted amount to the company due to the agreements set forth at the time of licensure. The balances of these accounts as of September 30, 2012 are as follows:

| | |
|---|---|
| Short-term Investments: | |
| Bank of America Federated US Treasury 125 Fund (Restricted NH) | $ 250,027 |
| Citibank ISD Global Concentration (Restricted MA) | 99,979 |
| SunTrust Ridgeworth US Treasury (Restricted VA) | 500,000 |
| US Bank – First American Treasury (Restricted NC) | 400,007 |
| Union Bank – U S Treasury Bill (Restricted AZ - Others) | 1,578,449 |
| US Bank – US Treasury Bills (Unrestricted OR & Others) | 4,996,910 |
| JPM Funds – US Govt Sec | 1,501,230 |
| Federated Funds – US Treas Cash Res Fund | 1,500,134 |
| Federated Funds – US Treas Prime Cash Obligation | 1,503,159 |
| Federated Funds – US Treas Govt Obligation | 1,550,949 |
| Federated Funds – US Treas Treas Obligation | 1,550,390 |
| Dreyfus Funds – Cash Management Participant Shares | 1,500,945 |
| Dreyfus Funds – Institutional Cash Adv Inst Shares | 1,554,358 |
| Goldman Funds – Prime Mutual | 1,500,426 |
| Goldman Funds – Government | 1,500,400 |
| Goldman Funds – Money Market Mutual Fund | 1,500,486 |
| Goldman Funds – Federal MMKt Mtl Fnd | 1,450,274 |
| Total Short-term Investments | $24,438,122 |

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

# NOTES TO FINANCIAL STATEMENTS

diversification of the JP Morgan Chase working bank accounts meets the requirements of the state of domicile (Arizona) and the various states the Company worked with during the Expansion Application process.

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

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

Amounts Receivable Relating to Uninsured Plans - The Company adjusted the receivable at December 31, 2011 based on estimates. These estimates include Reinsurance and Low-Income Cost Sharing (LICS) settlements the Company would expect to receive after CMS performs their annual reconciliations in 2012. Note that for employer group waiver plans (EGWPs), CMS does not make prospective subsidy payments; therefore, both reinsurance and LICS are receivables. An outside actuarial service opined on the 2011 receivable numbers during the annual statutory filing process in accordance with published guidance from the American Academy of Actuaries for the end-of-the year statutory reporting of these Part D reconciliation items.

Common Stock - Common Stock represents shares of ownership by the parent company. As of September 30, 2012, a total of 2,600,000 shares of stock have been issued to the parent company, Express Scripts Senior Care Holdings, Inc. at a par value of $1 per share.

Income Statement

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

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

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

General Administrative Expenses - The Company provides administrative services for self-insured EGWPs, for which it received administrative fees of $32,509,199 for the nine months ended September 30, 2012, $14,807,733 for the nine months ended September 30, 2011 and $19,815,929 for the twelve months ended December 31, 2011. These administrative fees are netted within general administrative expenses in accordance with SSAP No. 3.

General Administrative Expenses

| | |
|---|---|
| Self funded (non-risk) admin fee received (SSAP 47) | $ (32,509,199) |
| Software and other misc. expense | 18,302,597 |
| Professional fees | 46,820 |
| Insurance taxes, licenses and fees | 99,175 |
| | $ (14,060,607) |

## Note 2 - Accounting Changes and Corrections of Errors

Not Applicable.

## Note 3 - Business Combinations and Goodwill

Not Applicable.

## Note 4 - Discontinued Operations

Not Applicable.

## Note 5 - Investments

The Company's investments consist of First American Treasury Obligation held by U.S. Bank, US Treasury Bonds and U.S. Treasury Bills, JP Morgan Funds, Federated Funds, Dreyfus Funds, Goldman Funds. In addition, the Company deposited required amounts into restricted investments as required by New Hampshire, Arkansas, Massachusetts, Virginia, Georgia and North Carolina and an unrestricted US Bank to meet an unrestricted Oregon security deposit holding U.S. Treasury Bills. Additionally, the New York Department of Insurance requested diversification of cash and investments into more U.S. Treasury Bills to meet the state's regulations. As a result, the Company purchased two additional U.S. Treasury Bills in June 2010, each with a par value of $5,000,000, but they were purchased at a discounted rate. In December 2010, one U.S. Treasury Bill matured with a par value of $5,000,000 and a new U.S. Treasury Bill was purchased with a par value of $10,000,000 to continue to meet the New York Department of Insurance regulatory requirements. In June 2011, a U.S. Treasury Bill matured with a par value of

# NOTES TO FINANCIAL STATEMENTS

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

## Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

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

## Note 7 - Investment Income

The Company earned $1,213 of investment income for the period ended September 30, 2012.

## Note 8 - Derivative Instruments

Not Applicable.

## Note 9 - Income Taxes

A. The required analyses of the net deferred tax asset/(liability) at September 30, 2012 and December 31, 2011 are as follows:

The components of the net deferred tax asset/(liability):

| | 2012 (All Ordinary) | 2011 (All Ordinary) | Change |
|---|---|---|---|
| Gross deferred tax assets | $ 992 | $2,025 | ($1,033) |
| Statutory valuation allowance | $0 | $0 | $0 |
| Adjusted gross deferred tax assets | $992 | $2,025 | ($1,033) |
| Nonadmitted deferred tax assets | $0 | $0 | $0 |
| Net admitted deferred tax assets | $992 | $2,025 | ($1,033) |
| Deferred tax liabilities | $20,783 | $0 | $20,783 |
| Net admitted deferred tax asset/(liability) | ($19,791) | $2,025 | ($21,816) |

The amounts of all results of the calculations required by SSAP 101 paragraphs 11.a., 11.b., and 11.c.:

| | 2012 (All Ordinary) | 2011 (All Ordinary) |
|---|---|---|
| Adjusted gross deferred tax assets reversing within statutory loss carryback period | $992 | $2,025 |
| Remaining adjusted gross deferred tax assets expected to be realized; the lesser of: | | |
| 1. Remaining adjusted gross deferred tax asset | $0 | $0 |
| 2. Per limitation threshold (see below) | $2,548,793 | $2,724,450 |
| | $0 | $0 |
| Remaining adjusted gross deferred tax assets offset against existing deferred tax liabilities | $0 | $0 |
| | $992 | $2,025 |

The components of the limitation threshold above:

| | 2012 | 2011 |
|---|---|---|
| Ratio percentage used to determine recovery period and limitation amount | 370% | 396% |
| Amount of adjusted capital and surplus used to determine recovery period and limitation amount | $2,548,793 | $2,724,450 |

Tax planning strategies:
No tax planning strategies, including reinsurance-related strategies, have been contemplated in the determination of the gross deferred tax assets or the net admitted deferred tax assets.

Unrecognized deferred tax liabilities:
There are no unrecognized deferred tax liabilities.

B. The significant components of income taxes incurred and deferred tax assets and (liabilities) are as follows:

# NOTES TO FINANCIAL STATEMENTS

Current income tax:

| | 2012 | 2011 | Change |
|---|---|---|---|
| Current year federal income tax expense/(benefit) on ordinary income | ($626,524) | $2,608,327 | ($3,234,851) |
| Total income tax expense/(benefit) | ($626,524) | $2,608,327 | ($3,234,851) |

Individual components of the Company's gross deferred tax assets:

| | Sept 30, 2012 (All ordinary) | Dec 31, 2011 (All ordinary) | Change |
|---|---|---|---|
| Net operating loss | $0 | $0 | $0 |
| Contract claims payable | $992 | $1,904 | ($912) |
| Other | $0 | $121 | ($121) |
| Gross deferred tax assets | $992 | $2,025 | ($1,033) |

Individual components of the Company's gross deferred tax liabilities:

| | Sept 30, 2012 (All ordinary) | Dec 31, 2011 (All ordinary) | Change |
|---|---|---|---|
| State income tax accrual to cash and Other | $20,783 | $0 | $20,783 |
| Gross deferred tax liabilities | $20,783 | $0 | $20,783 |

C. A reconciliation of the expected provision for federal income taxes at the statutory tax rate of 35 percent and the actual provision for the nine months ended September 30, 2012 and the twelve months ended December 31, 2011 is as follows:

| | 2012 | 2011 | Change |
|---|---|---|---|
| Income tax provision (benefit) computed at statutory tax rate | ($621,877) | $2,630,941 | ($3,252,818) |
| Change in contingency accrual | $17,169 | ($22,992) | $40,161 |
| Income tax expense/(benefit) | ($604,708) | $2,607,949 | ($3,212,657) |

D. Operating loss and tax credit carryforward information is as follows:

| | Sept 30,2012 | Dec 31,2011 |
|---|---|---|
| Unused operating loss carryforwards available to offset against future taxable income. | $0 | $0 |
| Income tax expense available for recoupment in the event of future net losses | $0 | $1,988,890 |

E. The Company did not have any protective tax deposits under Section 6603 of the internal Revenue Code.

F. Disclosures with respect to the consolidated federal income tax return are as follows:

The Company joins in the filing of a consolidated federal income tax return with the following entities:

| | |
|---|---|
| Express Scripts Holding Company (Parent) | Express Scripts Canada Holding Co. |
| Express Scripts, Inc. | Curascript Inc. |
| CFI of New Jersey Inc. | Diversified Pharmaceutical Services Inc. |
| Curascript PBM Services Inc. | ESI Claims Inc. |
| Diversified NY IPA Inc. | ESI GP Holdings Inc. |
| ESI Mail Pharmacy Service Inc. | IVTX Inc. |
| Express Scripts Utilization Management Co. | National Prescription Administrators Inc. |
| Mooresville On-Site Pharmacy, LLC | Priority Healthcare Distribution Inc. |
| NPA OF New York IPA Inc. | Priority Healthcare Corporation West |
| Priority Healthcare Corporation | Freco Inc. |
| Priority Healthcare Pharmacy Inc. | Lynnfield Drug Inc. |
| Lynnfield Compounding Center Inc. | Sinuspharmacy Inc. |
| Chesapeake Infusion Inc. | Healthbridge Reimbursement |
| Byfield Drug Inc. | Spectracare Health Care Ventures Inc. |
| Specialty Infusion Pharmacy Inc. | Spectracare Infusion Pharmacy Inc. |
| Priority Healthcarecom Inc. | Care Continuum Inc. |
| Spectracare Inc. | Express Scripts Specialty Distribution |
| Spectracare Management Services Inc. | Express Scripts Pharmaceutical Procurement, LLC |

# NOTES TO FINANCIAL STATEMENTS

| | |
|---|---|
| Express Scripts Services Company | Express Scripts WC, Inc. |
| Value Health, Inc. | ESI Mail Order Processing, Inc. |
| Yourpharmacy.com | ESI Acquisition, Inc. |
| First RX Inc. | Express Scripts Senior Care Holdings Inc. |
| Ibiologic Inc. | Express Reinsurance Company |
| Healthbridge Inc. | Medco Containment Insurance Company of NY |
| Express Scripts Senior Care Inc. | MWD Insurance Company |
| Medco Health Solutions, Inc. | National Rx Services NO. 3, Inc., of Ohio |
| Medco Containment Life Insurance Company | Medco Health Solutions of Willingboro LLC |
| Medco Europe II, LLC | NEV Acquisition Co., Inc. |
| Medco Health Services, Inc. | Therapease Cuisine, Inc. |
| DNA Direct, Inc. | United Biosource Patient Solutions, Inc. |
| Accredo Health, Inc. | Biopartners in Care, Inc. |
| AHG of New York, Inc. | Home Healthcare Resources, Inc. |
| Accredo Health Group, Inc. | Critical Care Systems of New York, Inc. |
| Critical Care Systems, Inc. | Accredo Care Network, Inc. |
| Infinity Infusion Care, Ltd. | Liberty Healthcare Group, Inc. |
| Polymedica Corporation | Liberty Marketplace, Inc. |
| Liberty Medical Supply, Inc. | Liberty Lane Development Company, Inc. |
| Liberty Lane Condominium Association, Inc. | Institute for Medical Education & Research, Inc. |
| United Biosource Corporation | UBC Late Stage, Inc. |
| UBC Health Care Analytics, Inc. | Envision Pharma, Inc. |
| P-Star Acquisition Co., Inc. | Evidence Scientific Solutions, Inc. |
| UBC Scientific Solutions, Inc. | MAH Processing, Inc. |

The Company and Parent are parties to a tax sharing agreement (the “Agreement”) which governs the allocation and settlement of taxes. The Agreement provides that the Company shall pay Parent an amount equal to Company's separate tax liability. Likewise, if the Company incurs a loss or generates a tax attribute that exceeds Company's separate tax liability and such loss or attribute is utilized by Parent's affiliated group, Parent shall pay the Company an amount equal to such tax reduction.

G. The Company has accrued tax contingencies of $209,491 at September 30, 2012 and $192,322 at December 31, 2011 related primarily to potential expense adjustments for the tax year 2008.

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

A. The Company didn't pay any dividends to the Parent Company during the nine months ended September 30, 2012.

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

C. At September 30, 2012 Express Scripts Insurance Company is reporting $7,236,363 payable from the parent company, Express Scripts Senior Care Holdings, Inc. This amount represents amounts owed to the parent company for prescription drug claims paid by Express Scripts Senior Care Holdings, Inc. on behalf of the Company as well as administrative costs incurred to process those claims netted against the amounts owed to the Company for payments from CMS to Express Scripts Senior Care Holdings, Inc. for the benefit of the Company and monies related to the coverage gap from pharmaceutical companies.

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

**Note 11 - Debt**

Not Applicable.

# NOTES TO FINANCIAL STATEMENTS

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

Not Applicable.

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

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

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

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

**Note 14 - Contingencies**

Not Applicable.

**Note 15 - Leases**

Not Applicable.

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

Not Applicable.

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

Not Applicable.

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

The Company provides administrative services for self-insured EGWPs, for which it received administrative fees of $32,509,199 for the nine months ended September 30, 2012, $14,807,733 for the nine months ended September 30, 2011 and $19,815,929 for the twelve months ended December 31, 2011. These administrative fees are netted within general administrative expenses in accordance with SSAP No. 3.

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

Not Applicable.

**Note 20 - Fair Value**

The Company does not hold any derivative assets or liabilities as of September 30, 2012. All intercompany balances are held at face value/fair market value as of September 30, 2012.

**Note 21 - Other Items**

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

**Note 22 - Events Subsequent**

Not Applicable.

# NOTES TO FINANCIAL STATEMENTS

**Note 23 - Reinsurance**

Not Applicable.

**Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

Not Applicable.

**Note 25 - Change in Incurred Losses and Loss Adjustment Expenses**

The Company processes claims under its Medicare Part D Plan. Claims are reported when incurred through the use of a pharmacy benefit manager. Potential adjustments to claim expense could result from "self-pay" claims in which members pay for a claim and then submit the claim to the Company for reimbursement. Adjustments could also result from faulty member enrollment data. There have not been any material adjustments to claim expense for the period ended September 30, 2012.

**Note 26 - Intercompany Pooling Arrangements**

Not Applicable.

**Note 27 - Structured Settlements**

Not Applicable.

**Note 28 - Health Care Receivables**

Not Applicable.

**Note 29 - Participating Policies**

Not Applicable.

**Note 30 - Premium Deficiency Reserves**

Not Applicable.

**Note 31 - Anticipated Salvage and Subrogation**

Not Applicable.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES - GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [ X ]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

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

2.2 If yes, date of change: .....

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [ X ]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

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

4.2 If yes, provide name of 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<br>Name of Entity | 2<br>NAIC<br>Company Code | 3<br>State of<br>Domicile |
|---|---|---|
| | | |

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [ X ] N/A [ ]
If yes, attach an explanation.

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

6.2 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. 6/24/2009.....

6.3 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). 6/24/2009.....

6.4 By what department or departments?
State of Arizona Department of Insurance
State of Arizona Department of Insurance

6.5 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 [ ]

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

7.1 Has this 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 ]

7.2 If yes, give full information:

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 the 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<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---|---|---|---|---|---|
| | | | | | |

9.1 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.

9.11 If the response to 9.1 is No, please explain:

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [ X ]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES - GENERAL

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

## PART 1 - FINANCIAL

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

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

## PART 1 - INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [ X ]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $.....0

13. Amount of real estate and mortgages held in short-term investments: $.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [ X ]

14.2 If yes, please complete the following:

| | 1<br>Prior Year-End<br>Book/Adjusted Carrying Value | 2<br>Current Quarter<br>Book/Adjusted Carrying Value |
|---|---|---|
| 14.21 Bonds | $ .....0 | $ .....0 |
| 14.22 Preferred Stock | $ .....0 | $ .....0 |
| 14.23 Common Stock | $ .....0 | $ .....0 |
| 14.24 Short-Term Investments | $ .....0 | $ .....0 |
| 14.25 Mortgage Loans on Real Estate | $ .....0 | $ .....0 |
| 14.26 All Other | $ .....0 | $ .....0 |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) | $ .....0 | $ .....0 |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above | $ .....0 | $ .....0 |

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [ X ]

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

16. 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 [ X ] No [ ]

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

| 1<br>Name of Custodian(s) | 2<br>Custodian Address |
|---|---|
| Bank of America | Private Wealth Management, 200 W Capitol Ave., 3rd Fl, Little Rock, AR 72201-3605 |
| JP Morgan Chase Bank | Illinois Market, PO Box 260180, Baton Rouge, LA 70826-0180 |
| US Bank | Wachovia Blds, 1W 4th Street, 7th Fl, Winston-Salem, NC 27101 |
| Union Bank | 350 California Street, 6th Floor, San Francisco, CA 94104 |
| SunTrust | 1801 West Broad Street, Richmond, VA 23220 |
| Citibank | 111 Wall Street, New York, NY 10043 |

16.2 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<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|---|---|---|
| | | |

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [ X ]

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

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|---|---|---|---|
| | | | |

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

| 1<br>Central Registration Depository | 2<br>Name(s) | 3<br>Address |
|---|---|---|
| | | |

## PART 1 - INVESTMENT

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

17.2 If no, list exceptions:

# GENERAL INTERROGATORIES (continued)

## PART 2 - HEALTH

1. Operating Percentages:

| | | |
|---|---|---|
| 1.1 A&H loss percent | | 0.0 % |
| 1.2 A&H cost containment percent | | 0.0 % |
| 1.3 A&H expense percent excluding cost containment expenses | | 0.0 % |
| 2.1 Do you act as a custodian for health savings accounts? | Yes [ ] | No [ X ] |
| 2.2 If yes, please provide the amount of custodial funds held as of the reporting date. | | 0 |
| 2.3 Do you act as an administrator for health savings accounts? | Yes [ ] | No [ X ] |
| 2.4 If yes, please provide the amount of funds administered as of the reporting date. | | 0 |

# SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

| 1<br>NAIC<br>Company<br>Code | 2<br>Federal<br>ID<br>Number | 3<br>Effective<br>Date | 4<br>Name of Reinsurer | 5<br>Domiciliary Jurisdiction | 6<br>Type of<br>Reinsurance<br>Ceded | 7<br>Is Insurer<br>Authorized?<br>(YES or NO) |
|---|---|---|---|---|---|---|

# NONE

# SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

| | 1 | Direct Business Only | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| State, Etc. | Active Status | Accident and Health Premiums | Medicare Title XVIII | Medicaid Title XIX | Federal Employees Health Benefits Program Premiums | Life and Annuity Premiums and Other Considerations | Property/ Casualty Premiums | Total Columns 2 through 7 | Deposit-Type Contracts |
| 1. Alabama AL | L | | | | | | | 0 | |
| 2. Alaska AK | L | | | | | | | 0 | |
| 3. Arizona AZ | L | | | | | | | 0 | |
| 4. Arkansas AR | L | 231,194 | | | | | | 231,194 | |
| 5. California CA | L | 3,236,719 | | | | | | 3,236,719 | |
| 6. Colorado CO | L | 231,194 | | | | | | 231,194 | |
| 7. Connecticut CT | L | 2,774,330 | | | | | | 2,774,330 | |
| 8. Delaware DE | L | 231,194 | | | | | | 231,194 | |
| 9. District of Columbia DC | L | 1,155,971 | | | | | | 1,155,971 | |
| 10. Florida FL | E | 924,777 | | | | | | 924,777 | |
| 11. Georgia GA | L | 1,618,359 | | | | | | 1,618,359 | |
| 12. Hawaii HI | L | | | | | | | 0 | |
| 13. Idaho ID | L | | | | | | | 0 | |
| 14. Illinois IL | L | 12,022,099 | | | | | | 12,022,099 | |
| 15. Indiana IN | L | 1,849,554 | | | | | | 1,849,554 | |
| 16. Iowa IA | L | 231,194 | | | | | | 231,194 | |
| 17. Kansas KS | L | | | | | | | 0 | |
| 18. Kentucky KY | L | 231,194 | | | | | | 231,194 | |
| 19. Louisiana LA | L | 231,194 | | | | | | 231,194 | |
| 20. Maine ME | L | | | | | | | 0 | |
| 21. Maryland MD | L | 693,583 | | | | | | 693,583 | |
| 22. Massachusetts MA | L | 2,311,942 | | | | | | 2,311,942 | |
| 23. Michigan MI | L | 12,715,680 | | | | | | 12,715,680 | |
| 24. Minnesota MN | L | | | | | | | 0 | |
| 25. Mississippi MS | L | 231,194 | | | | | | 231,194 | |
| 26. Missouri MO | L | 2,311,942 | | | | | | 2,311,942 | |
| 27. Montana MT | L | | | | | | | 0 | |
| 28. Nebraska NE | L | | | | | | | 0 | |
| 29. Nevada NV | L | | | | | | | 0 | |
| 30. New Hampshire NH | L | | | | | | | 0 | |
| 31. New Jersey NJ | L | 924,777 | | | | | | 924,777 | |
| 32. New Mexico NM | L | | | | | | | 0 | |
| 33. New York NY | L | 6,935,826 | | | | | | 6,935,826 | |
| 34. North Carolina NC | L | 1,849,554 | | | | | | 1,849,554 | |
| 35. North Dakota ND | L | | | | | | | 0 | |
| 36. Ohio OH | L | 1,387,165 | | | | | | 1,387,165 | |
| 37. Oklahoma OK | L | 231,194 | | | | | | 231,194 | |
| 38. Oregon OR | L | 231,194 | | | | | | 231,194 | |
| 39. Pennsylvania PA | L | 1,387,165 | | | | | | 1,387,165 | |
| 40. Rhode Island RI | L | 231,194 | | | | | | 231,194 | |
| 41. South Carolina SC | L | 693,583 | | | | | | 693,583 | |
| 42. South Dakota SD | L | | | | | | | 0 | |
| 43. Tennessee TN | L | 462,388 | | | | | | 462,388 | |
| 44. Texas TX | L | 4,623,884 | | | | | | 4,623,884 | |
| 45. Utah UT | L | | | | | | | 0 | |
| 46. Vermont VT | L | 231,194 | | | | | | 231,194 | |
| 47. Virginia VA | L | 1,387,165 | | | | | | 1,387,165 | |
| 48. Washington WA | L | 231,194 | | | | | | 231,194 | |
| 49. West Virginia WV | L | | | | | | | 0 | |
| 50. Wisconsin WI | L | 4,855,078 | | | | | | 4,855,078 | |
| 51. Wyoming WY | E | 231,194 | | | | | | 231,194 | |
| 52. American Samoa AS | N | | | | | | | 0 | |
| 53. Guam GU | N | | | | | | | 0 | |
| 54. Puerto Rico PR | E | | | | | | | 0 | |
| 55. U.S. Virgin Islands VI | N | | | | | | | 0 | |
| 56. Northern Mariana Islands MP | N | | | | | | | 0 | |
| 57. Canada CN | N | | | | | | | 0 | |
| 58. Aggregate Other alien OT | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. Subtotal | XXX | 69,127,063 | 0 | 0 | 0 | 0 | 0 | 69,127,063 | 0 |
| 60. Reporting entity contributions for Employee Benefit Plans | XXX | | | | | | | 0 | |
| 61. Total (Direct Business) | (a) 49 | 69,127,063 | 0 | 0 | 0 | 0 | 0 | 69,127,063 | 0 |

**DETAILS OF WRITE-INS**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 5801. | | | | | | | | 0 | |
| 5802. | | | | | | | | 0 | |
| 5803. | | | | | | | | 0 | |
| 5898. Summary of remaining write-ins for line 58 from overflow page | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5899. Total (Lines 5801 thru 5803 plus 5898) (Line 58 above) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

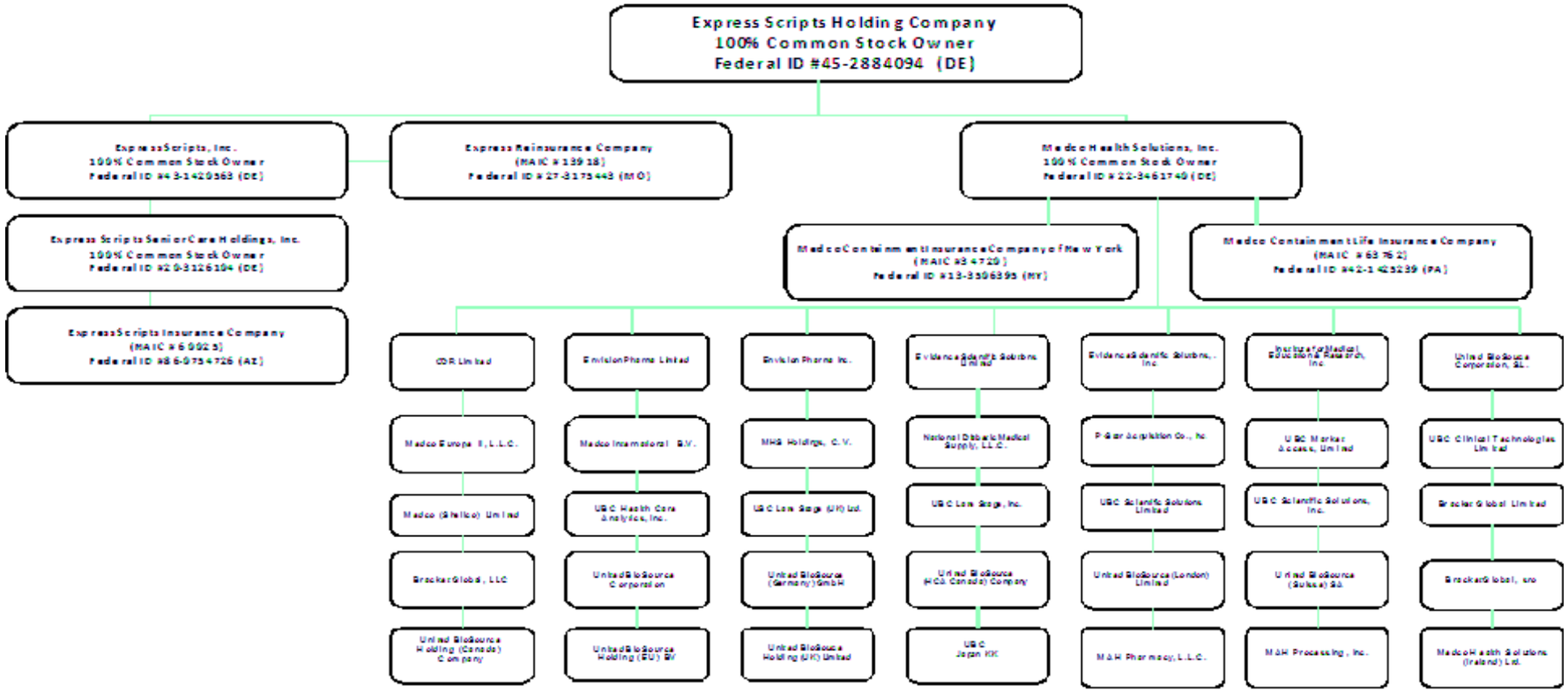
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domicilied RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

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

## PART 1 – ORGANIZATIONAL CHART



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

PART 1 – ORGANIZATIONAL CHART

# NONE

# SCHEDULE Y

## PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>Federal ID Number | 5<br>Federal RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Names of Parent, Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity/Person) | 12<br>Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies)/Person(s) | 15<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Members** | | | | | | | | | | | | | | |
| | | | 45-2884094 | | 0001532063 | Nasdaq Stock Exchange | Express Scripts Holding Company | DE | UIP | | | | | |
| | | | 43-1420563 | | | | Express Scripts, Inc. | DE | UIP | Express Scripts Holding Company | Ownership | 100.000 | | |
| | | | 20-3126104 | | | | Express Scripts Senior Care Holdings, Inc. | DE | UDP | Express Scripts, Inc. | Ownership | 100.000 | | |
| | | 60025 | 86-0754726 | | | | Express Scripts Insurance Company | AZ | | Express Scripts Senior Care Holdings, Inc. | Ownership | 100.000 | | |
| | | 13918 | 27-3175443 | | | | Express Scripts Reinsurance Company | MO | IA | Express Scripts, Inc. | Ownership | 100.000 | | |
| | | | 22-3461740 | | | | Medco Health Solutions, Inc. | DE | NIA | Express Scripts Holding Company | Ownership | 100.000 | | |
| 0433 | Medco Containment Svces. | 63762 | 42-1425239 | | | | Medco Containment Life Insurance Company | PA | IA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| 0433 | Medco Containment Svces. | 34720 | 13-3506395 | | | | Medco Containment Insurance Co. of New York | NY | IA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 26-3591774 | | | | Acredo Care Network, Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 11-3358535 | | | | Acredo Health Group, Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 55-0894449 | | | | Acredo Health Incorporated | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 13-3888838 | | | | AHG of New York, Inc. | NY | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 43-1815573 | | | | Biopartners in Care, Inc. | MO | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | Bracket Global Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 04-3559429 | | | | Bracket Global, LLC | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | Bracket Global, sro | CZ | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 61-1516378 | | | | CCS Infusion Management, LLC | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 65-1310056 | | | | CCSI Holding 3, LLC | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | CDR Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 02-0646252 | | | | Critical Care Systems of New York, Inc. | NY | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 04-3115329 | | | | Critical Care Systems, Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 71-0958489 | | | | DNA Direct, Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 06-1633253 | | | | Envision Pharma, Inc. | CT | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | Envision Pharma, Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 98-0694815 | | | | Europa Apotheek Service Venlo BV | NL | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 98-0694819 | | | | Europa Apotheek Venlo BV | NL | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | Evidence Scientific Solutions Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 26-3434149 | | | | Evidence Scientific Solutions, Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 98-0694818 | | | | GHK Beleggingsmaatschappij Venlo B.V. | NL | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 45-2893398 | | | | Hidden River, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 52-1498155 | | | | Home Healthcare Resources, Inc. | PA | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 76-0391439 | | | | Infinity Infusion Care, Ltd. | TX | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 04-3673742 | | | | Infinity Infusion II, LLC | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 41-2043158 | | | | Infinity Infusion, LLC | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3858266 | | | | Institute for Medical Education & Research | FL | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |

# SCHEDULE Y

## PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>Federal ID Number | 5<br>Federal RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Names of Parent, Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity/Person) | 12<br>Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies)/Person(s) | 15<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 86-1056555 | | | | Liberty Healthcare Group, Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 65-1289809 | | | | Liberty Healthcare Pharmacy of Nevada LLC | NV | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 54-2087018 | | | | Liberty Lane Condominium Association, Inc. | FL | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 65-1071974 | | | | Liberty Lane Development Company, Inc. | FL | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 37-1588500 | | | | Liberty Marketplace, Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 65-0193983 | | | | Liberty Medical Supply, Inc. | FL | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 27-1506930 | | | | MAH Pharmacy, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 45-2822362 | | | | MAH Processing, Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 98-0689559 | | | | Medco (Shellco) Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 05-0619053 | | | | Medco at Home, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | Medco CDUR, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 98-0683345 | | | | Medco International GmbH (Germany) | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 98-1021789 | | | | Medco Celesio Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 27-5133672 | | | | Medco CHP, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | Medco Continuation Health, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 27-3709630 | | | | Medco Europe II, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | Medco Europe, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3572956 | | | | Medco Health NY Independent Practice Assoc. | NY | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 81-0616525 | | | | Medco Health Puerto Rico, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 83-0366500 | | | | Medco Health Receivables, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 26-3544786 | | | | Medco Health Services, Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | Medco Health Solutions (Ireland) Ltd. | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | Medco Health Solutions, GmbH | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 98-0683161 | | | | Medco Health Solutions Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3478893 | | | | Medco Hlth Solutions of Columbus North, Ltd. | OH | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3478895 | | | | Medco Hlth Solutions of Columbus West, Ltd. | OH | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3478953 | | | | Medco Hlth Solutions of Fairfield, L.L.C. | PA | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3478889 | | | | Medco Hlth Solutions of Franklin Lakes, LLC | NJ | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 51-0447039 | | | | Medco Hlth Solutions of Henderson, NV, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 59-3736512 | | | | Medco Health Solutions of Hidden River, L.C. | FL | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | Medco Health Solutions of Illinois, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 26-1955207 | | | | Medco Health Solutions of Indiana, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 27-1809723 | | | | Medco Health Solutions of Irving, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-2675929 | | | | Medco Health Solutions of Las Vegas, L.L.C. | NV | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3474891 | | | | Medco Health Solutions of Netpark, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3478898 | | | | Medco Hlth Solutions of North Versailles LLC | PA | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |

# SCHEDULE Y

## PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>Federal ID Number | 5<br>Federal RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Names of Parent, Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity/Person) | 12<br>Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies)/Person(s) | 15<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 22-3478958 | | | | Medco Health Solutions of Richmond, L.L.C. | VA | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3046530 | | | | Medco Health Solutions of Spokane, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 98-0683164 | | | | Medco Health Solutions Services, Ltd | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3478955 | | | | Medco Health Solutions of Texas, L.L.C. | TX | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3474877 | | | | Medco Health Solutions of Willingboro, L.L.C. | NJ | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 41-2063830 | | | | Medco Health, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 99-0680684 | | | | Medco International B.V. | NL | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 99-0362031 | | | | Medco International Holdings B.V. | NL | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | Medco International SARL | FR | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3811751 | | | | Medco of Willingboro Urban Renewal, L.L.C. | NJ | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 45-3631137 | | | | Medco Research Institute, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3732483 | | | | medcohealth.com, L.L.C. | NJ | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 27-3741831 | | | | MHS Holding, C.V. | NL | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 20-4625634 | | | | MWD Insurance Company | NY | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 45-3860748 | | | | National Diabetic Medical Supply, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 34-666699.. | | | | National Rx Services No. 3, Inc. of Ohio | OH | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 04-3033368 | | | | PolyMedica Corporation | MA | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 20-1968476 | | | | P-Star Acquisition Co., Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 22-3474888 | | | | Systemed, L.L.C. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | The Vaccine Consortium, LLC | MD | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 26-0759966 | | | | TherapEase Cuisine, Inc. | WI | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | TVC Acquisition Co., Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | UBC Clinical Technologies Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 54-1759539 | | | | UBC Health Care Analytics, Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | UBC Japan, K.K. | JP | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | UBC Late Stage (UK) Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 43-1083790 | | | | UBC Late Stage, Inc. | MO | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | UBC Market Access Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 26-3434243 | | | | UBC Scientific Solutions, Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | UBC Scientific Solutions, Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | United BioSource (Germany) GmbH | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | United BioSource (HCA Canada) Company | CN | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | United BioSource (London) Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | United BioSource (Suisse) SA | CH | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 80-0077029 | | | | United BioSource Corporation | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | United BioSource Corporation, S.L. | ES | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | | | | | United BioSource Holding (Canada) Company | CN | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |

# SCHEDULE Y

## PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>Federal ID Number | 5<br>Federal RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Names of Parent, Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity/Person) | 12<br>Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies)/Person(s) | 15<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | United BioSource Holding (EU) B.V. | NL | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 98-0595336 | | | | United BioSource Holding (UK) Limited | GB | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |
| | | | 20-3419132 | | | | United BioSource Patient Solutions, Inc. | DE | NIA | Medco Health Solutions, Inc. | Ownership | 100.000 | | |

# SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

| | Response |
|---|---|
| 1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? | YES |

**Explanation:**

1.

**Bar Code:**

# Overflow Page for Write-Ins

# NONE

# SCHEDULE A - VERIFICATION

Real Estate

NONE

| | 1<br>Year to Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 0 | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Current year change in encumbrances | | |
| 4. Total gain (loss) on disposals | | |
| 5. Deduct amounts received on disposals | | |
| 6. Total foreign exchange change in book/adjusted carrying value | | |
| 7. Deduct current year's other than temporary impairment recognized | | |
| 8. Deduct current year's depreciation | | |
| 9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8) | 0 | 0 |
| 10. Deduct total nonadmitted amounts | | |
| 11. Statement value at end of current period (Line 9 minus Line 10) | 0 | 0 |

# SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

| | 1<br>Year to Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year | 0 | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | |
| 7. Deduct amounts received on disposals | | |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees | | |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest | | |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) | 0 | 0 |
| 12. Total valuation allowance | | |
| 13. Subtotal (Line 11 plus Line 12) | 0 | 0 |
| 14. Deduct total nonadmitted amounts | | |
| 15. Statement value at end of current period (Line 13 minus Line 14) | 0 | 0 |

# SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

NONE

| | 1<br>Year to Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 0 | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | |
| 7. Deduct amounts received on disposals | | |
| 8. Deduct amortization of premium and depreciation | | |
| 9. Total foreign exchange change in book/adjusted carrying value | | |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) | 0 | 0 |
| 12. Deduct total nonadmitted amounts | | |
| 13. Statement value at end of current period (Line 11 minus Line 12) | 0 | 0 |

# SCHEDULE D - VERIFICATION

Bonds and Stocks

NONE

| | 1<br>Year to Date | 2<br>Prior Year Ended December 31 |
|---|---|---|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year | 0 | |
| 2. Cost of bonds and stocks acquired | | |
| 3. Accrual of discount | | |
| 4. Unrealized valuation increase (decrease) | | |
| 5. Total gain (loss) on disposals | | |
| 6. Deduct consideration for bonds and stocks disposed of | | |
| 7. Deduct amortization of premium | | |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 0 | 0 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 0 | 0 |

# SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

| | 1<br>Book/Adjusted Carrying Value Beginning of Current Quarter | 2<br>Acquisitions During Current Quarter | 3<br>Dispositions During Current Quarter | 4<br>Non-Trading Activity During Current Quarter | 5<br>Book/Adjusted Carrying Value End of First Quarter | 6<br>Book/Adjusted Carrying Value End of Second Quarter | 7<br>Book/Adjusted Carrying Value End of Third Quarter | 8<br>Book/Adjusted Carrying Value December 31 Prior Year |
|---|---|---|---|---|---|---|---|---|
| BONDS | | | | | | | | |
| 1. Class 1 (a) | | | | | | | | |
| 2. Class 2 (a) | | | | | | | | |
| 3. Class 3 (a) | | | | | | | | |
| 4. Class 4 (a) | | | | | | | | |
| 5. Class 5 (a) | | | | | | | | |
| 6. Class 6 (a) | | | | | | | | |
| 7. Total Bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PREFERRED STOCK | | | | | | | | |
| 8. Class 1 | | | | | | | | |
| 9. Class 2 | | | | | | | | |
| 10. Class 3 | | | | | | | | |
| 11. Class 4 | | | | | | | | |
| 12. Class 5 | | | | | | | | |
| 13. Class 6 | | | | | | | | |
| 14. Total Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Total Bonds and Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

NONE

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 $.....0; NAIC 2 $.....0; NAIC 3 $.....0; NAIC 4 $.....0; NAIC 5 $.....0; NAIC 6 $.....0.

# SCHEDULE DA - PART 1

Short-Term Investments

| | 1<br>Book/Adjusted<br>Carrying Value | 2<br>Par Value | 3<br>Actual<br>Cost | 4<br>Interest Collected<br>Year To Date | 5<br>Paid for Accrued Interest<br>Year To Date |
|---|---|---|---|---|---|
| 9199999. Totals | 24,438,122 | XXX | 26,922,140 | 1,213 | |

# SCHEDULE DA - VERIFICATION

Short-Term Investments

| | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 26,938,155 | 37,177,947 |
| 2. Cost of short-term investments acquired | 15,646,734 | 61,163,917 |
| 3. Accrual of discount | | |
| 4. Unrealized valuation increase (decrease) | (1,550) | 39,462 |
| 5. Total gain (loss) on disposals | 8,789 | 1,658 |
| 6. Deduct consideration received on disposals | 18,154,007 | 71,444,829 |
| 7. Deduct amortization of premium | | |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 24,438,122 | 26,938,155 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 24,438,122 | 26,938,155 |

# SCHEDULE DB - PART A - VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards

NONE

| | | |
|---|---|---|
| 1. | Book/adjusted carrying value, December 31, prior year (Line 9, prior year) | |
| 2. | Cost paid/(consideration received) on additions | |
| 3. | Unrealized valuation increase (decrease) | |
| 4. | Total gain (loss) on termination recognized | |
| 5. | Considerations received (paid) on terminations | |
| 6. | Amortization | |
| 7. | Adjustment to the book/adjusted carrying value of hedge item | |
| 8. | Total foreign exchange change in book/adjusted carrying value | |
| 9. | Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 + 7 + 8) | 0 |
| 10. | Deduct nonadmitted assets | |
| 11. | Statement value at end of current period (Line 9 minus Line 10) | 0 |

# SCHEDULE DB - PART B - VERIFICATION

Futures Contracts

NONE

| | | | | | |
|---|---|---|---|---|---|
| 1. | Book/adjusted carrying value, December 31, prior year | | | | |
| 2. | Net cash deposits (Section 1, Broker Name/Net Cash Deposits Footnote) | | | | |
| 3.1 | Change in variation margin on open contracts | | | | |
| 3.2 | Add: | | | | |
| | Change in adjustment to basis of hedged item: | | | | |
| 3.21 | Section 1, Column 17, current year to date minus | | | | |
| 3.22 | Section 1, Column 17, prior year | | 0 | | |
| | Change in amount recognized: | | | | |
| 3.23 | Section 1, Column 16, current year to date minus | | | | |
| 3.24 | Section 1, Column 16, prior year | | 0 | 0 | |
| 3.3 | Subtotal (Line 3.1 minus Line 3.2) | | | | 0 |
| 4.1 | Variation margin on terminated contracts during the year | | | | |
| 4.2 | Less: | | | | |
| 4.21 | Amount used to adjust basis of hedged item | | | | |
| 4.22 | Amount recognized | | 0 | | |
| 4.3 | Subtotal (Line 4.1 minus Line 4.2) | | | | 0 |
| 5. | Dispositions gains (losses) on contracts terminated in prior year: | | | | |
| 5.1 | Recognized | | | | |
| 5.2 | Used to adjust basis of hedged items | | | | |
| 6. | Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2) | | | | 0 |
| 7. | Deduct nonadmitted assets | | | | |
| 8. | Statement value at end of current period (Line 6 minus Line 7) | | | | 0 |

# SCHEDULE DB - PART C - SECTION 1

Replication (Synthetic Asset) Transactions Open as of Current Statement Date

| Replicationd (Synthetic Asset) Transactions | | | | | | | | Components of the Replication (Synthetic Asset) Transactions | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Derivative Instruments Open | | | Cash Instrument(s) Held | | | | |
| | | | | | | | | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| Number | Description | NAIC Designation or Other Description | Notional Amount | Book/Adjusted Carrying Value | Fair Value | Effective Date | Maturity Date | Description | Book/Adjusted Carrying Value | Fair Value | CUSIP | Description | NAIC Desig. or Other Description | Book/Adjusted Carrying Value | Fair Value |

# NONE

# SCHEDULE DB - PART C - SECTION 2

## Reconciliation (Synthetic Asset) Transactions Open

| | First Quarter | | Second Quarter | | Third Quarter | | Fourth Quarter | | Year-To-Date | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1<br>Number of Positions | 2<br>Total Replication (Synthetic Asset) Transactions Statement Value | 3<br>Number of Positions | 4<br>Total Replication (Synthetic Asset) Transactions Statement Value | 5<br>Number of Positions | 6<br>Total Replication (Synthetic Asset) Transactions Statement Value | 7<br>Number of Positions | 8<br>Total Replication (Synthetic Asset) Transactions Statement Value | 9<br>Number of Positions | 10<br>Total Replication (Synthetic Asset) Transactions Statement Value |
| 1. Beginning Inventory | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Add: Opened or acquired transactions | | | | | | | | | 0 | 0 |
| 3. Add: Increases in replication asset statement value | XXX | | XXX | | XXX | | XXX | | XXX | 0 |
| 4. Less: Closed or disposed of transactions | | | | | | | | | | 0 |
| 5. Less: Positions disposed of for failing effectiveness criteria | | | | | | | | | | 0 |
| 6. Less: Decreases in replication (synthetic asset) transactions statement value | XXX | | XXX | | XXX | | XXX | | XXX | 0 |
| 7. Ending Inventory | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

NONE

# SCHEDULE DB - VERIFICATION

Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts

| | | Book/Adjusted Carrying Value Check |
|---|---|---|
| 1. | Part A, Section 1, Column 14 | |
| 2. | Part B, Section 1, Column 14 | |
| 3. | Total (Line 1 plus Line 2) | 0 |
| 4. | Part D, Column 5 | |
| 5. | Part D, Column 6 | |
| 6. | Total (Line 3 minus Line 4 minus Line 5) | 0 |
| | | **Fair Value Check** |
| 7. | Part A, Section 1, Column 16 | |
| 8. | Part B, Section 1, Column 13 | |
| 9. | Total (Line 7 plus Line 8) | 0 |
| 10. | Part D, Column 8 | |
| 11. | Part D, Column 9 | |
| 12. | Total (Line 9 minus Line 10 minus Line 11) | 0 |
| | | **Potential Exposure Check** |
| 13. | Part A, Section 1, Column 21 | |
| 14. | Part B, Section 1, Column 19 | |
| 15. | Part D, Column 11 | |
| 16. | Total (Line 13 plus Line 14 minus Line 15) | 0 |

**NONE**

# SCHEDULE E- VERIFICATION

Cash Equivalents

| | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 0 | |
| 2. Cost of cash equivalents acquired | | |
| 3. Accrual of discount | | |
| 4. Unrealized valuation increase (decrease) | | |
| 5. Total gain (loss) on disposals | | |
| 6. Deduct consideration received on disposals | | |
| 7. Deduct amortization of premium | | |
| 8. Total foreign exchange change in book/ adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 0 | 0 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 0 | 0 |

NONE

# SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

| 1 | Location | | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
| | 2 | 3 | | | | | | |
| Description of Property | City | State | Date Acquired | Name of Vendor | Actual Cost at Time of Acquisition | Amount of Encumbrances | Book/Adjusted Carrying Value Less Encumbrances | Additional Investment Made After Acquisition |

# NONE

QE01

# SCHEDULE A - PART 3

Showing all Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract "

| 1 | Location | | 4 | 5 | 6 | 7 | 8 | Change in Book/Adjusted Carrying Value Less Encumbrances | | | | | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2 | 3 | | | | | | 9 | 10 | 11 | 12 | 13 | | | | | | | |
| Description of Property | City | State | Disposal Date | Name of Purchaser | Actual Cost | Expended for Additions, Permanent Improvements and Changes in Encumbrances | Book/Adjusted Carrying Value Less Encumbrances Prior Year | Current Year's Depreciation | Current Year's Other Than Temporary Impairment Recognized | Current Year's Change in Encumbrances | Total Change in B./A.C.V. (11 - 9 - 10) | Total Foreign Exchange Change in B./A.C.V. | Book/Adjusted Carrying Value Less Encumbrances on Disposal | Amounts Received During Year | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Gross Income Earned Less Interest Incurred on Encumbrances | Taxes, Repairs, and Expenses Incurred |

# NONE

# SCHEDULE B - PART 2

Showing all Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

| 1 | Location | | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
| | 2 | 3 | | | | | | |
| Loan Number | City | State | Loan Type | Date Acquired | Rate of Interest | Actual Cost at Time of Acquisition | Additional Investment Made After Acquisition | Value of Land and Buildings |

# NONE

QE02

# SCHEDULE B - PART 3

Showing all Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

| 1 | Location | | 4 | 5 | 6 | 7 | Change in Book Value/Recorded Investment | | | | | | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2 | 3 | | | | | 8 | 9 | 10 | 11 | 12 | 13 | | | | | |
| Loan Number | City | State | Loan Type | Date Acquired | Disposal Date | Book Value/ Recorded Investment Excluding Accrued Interest Prior Year | Unrealized Valuation Increase (Decrease) | Current Year's (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Capitalized Deferred Interest and Other | Total Change in Book Value (8+9-10+11) | Total Foreign Exchange Change in Book Value | Book Value/ Recorded Investment Excluding Accrued Interest on Disposal | Consideration | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal |

# NONE

# SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

| 1 | 2 | Location | | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 3 | 4 | | | | | | | | | |
| CUSIP Identification | Name or Description | City | State | Name of Vendor or General Partner | NAIC Desig-nation | Date Originally Acquired | Type and Strategy | Actual Cost at Time of Acquisition | Additional Investment Made After Acquisition | Amount of Encumbrances | Commitment for Additional Investment | Percentage of Ownership |

# NONE

QE03

# SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

| 1 | 2 | Location | | 5 | 6 | 7 | 8 | Changes in Book/Adjusted Carrying Value | | | | | | 15 | 16 | 17 | 18 | 19 | 20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 3 | 4 | | | | | 9 | 10 | 11 | 12 | 13 | 14 | | | | | | |
| CUSIP Identification | Name or Description | City | State | Name of Purchaser or Nature of Disposal | Date Originally Acquired | Disposal Date | Book/Adjusted Carrying Value Less Encumbrances, Prior Year | Unrealized Valuation Increase (Decrease) | Current Year's (Depreciation) or (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Capitalized Deferred Interest and Other | Total Change in B./A.C.V (9+10-11+12) | Total Foreign Exchange Change in B./A.C.V. | Book/Adjusted Carrying Value Less Encumbrances on Disposal | Consideration | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Investment Income |

# NONE

# SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

| 1<br>CUSIP Identification | 2<br>Description | 3<br>Foreign | 4<br>Date Acquired | 5<br>Name of Vendor | 6<br>Number of Shares of Stock | 7<br>Actual Cost | 8<br>Par Value | 9<br>Paid for Accrued Interest and Dividends | 10<br>NAIC Designation or Market Indicator (a) |
|---|---|---|---|---|---|---|---|---|---|

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

# NONE

# SCHEDULE D - PART 4

## Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Change in Book/Adjusted Carrying Value | | | | | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | 11 | 12 | 13 | 14 | 15 | | | | | | | |
| CUSIP Identification | Description | Foreign | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consideration | Par Value | Actual Cost | Prior Year Book/ Adjusted Carrying Value | Unrealized Valuation Increase/ (Decrease) | Current Year's (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/ Adjusted Carrying Value At Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest/ Stock Dividends Received During Year | Stated Contractual Maturity Date | NAIC Designation or Market Indicator (a) |

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

# NONE

# SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

| 1<br>Description | 2<br>Description of Items Hedged or Used for Income Generation | 3<br>Schedule /Exhibit Identifier | 4<br>Type(s) of Risk | 5<br>Exchange or Counterparty | 6<br>Trade Date | 7<br>Date of Maturity or Expiration | 8<br>Number of Contracts | 9<br>Notional Amount | 10<br>Strike Price, Rate of Indexed Received (Paid) | 11<br>Prior Year Initial Cost of Premium (Received) Paid | 12<br>Current Year Initial Cost of Premium (Received) Paid | 13<br>Current Year Income | 14<br>Book/ Adjusted Carrying Value | 15<br>Code | 16<br>Fair Value | 17<br>Unrealized Valuation Increase (Decrease) | 18<br>Total Foreign Exchange Change in B./A.C.V. | 19<br>Current Year's (Amortization) Accretion | 20<br>Adjustment to Carrying Value of Hedged Items | 21<br>Potential Exposure | 22<br>Credit Quality of Reference Entity | 23<br>Hedge Effectiveness at Inception and at Quarter-end (a) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

**NONE**

# SCHEDULE DB - PART B - SECTION 1

Futures Contracts Open as of the Current Statement Date

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | Change in Variation Margin | | | | 19 | 20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | 15 | 16 | 17 | 18 | | |
| Ticker Symbol | Number of Contracts | Notional Amount | Description | Description of Hedged Item(s) | Schedule/ Exhibit Identifier | Type(s) of Risk | Date of Maturity or Expiration | Exchange | Trade Date | Transaction Price | Reporting Date Price | Fair Value | Book/ Adjusted Carrying Value | Cumulative | Gain (Loss) Recognized in Current Year | Gain (Loss) Used to Adjust Basis of Hedged Item | Deferred | Potential Exposure | Hedge Effectiveness at Inception and at Quarter-end (a) |

# NONE

| Broker Name | Net Cash Deposits |
|---|---|

# NONE

# SCHEDULE DB - PART D

## Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

| 1 | 2 | 3 | 4 | Book Adjusted Carrying Value | | | Fair Value | | | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 5 | 6 | 7 | 8 | 9 | 10 | | |
| Description Counterparty or Exchange Traded | Master Agreement (Y or N) | Credit Support Annex (Y or N) | Fair Value of Acceptable Collateral | Contracts With Book Adjusted Carrying Value > 0 | Contracts With Book Adjusted Carrying Value < 0 | Exposure Net of Collateral | Contracts With Fair Value > 0 | Contracts With Fair Value < 0 | Exposure Net of Collateral | Potential Exposure | Off-Balance Sheet Exposure |

# NONE

# SCHEDULE DL - PART 1
# SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

| 1<br>CUSIP Identification | 2<br>Description | 3<br>Code | 4<br>NAIC Designation /Market Indicator | 5<br>Fair Value | 6<br>Book/Adjusted Carrying Value | 7<br>Maturity Dates |
|---|---|---|---|---|---|---|

General Interrogatories:

1. The activity for the year to date: Fair Value $.....0 Book/Adjusted Carrying Value $.....0
2. Average balance for the year to date: Fair Value $.....0 Book/Adjusted Carrying Value $.....0
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation:
   NAIC 1: $.....0 NAIC 2: $.....0 NAIC 3: $.....0 NAIC 4: $.....0 NAIC 5: $.....0 NAIC 6: $.....0

# NONE

# SCHEDULE DL - PART 2
# SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

| 1<br>CUSIP Identification | 2<br>Description | 3<br>Code | 4<br>NAIC Designation /Market Indicator | 5<br>Fair Value | 6<br>Book/Adjusted Carrying Value | 7<br>Maturity Dates |
|---|---|---|---|---|---|---|

General Interrogatory:

1. The activity for the year to date: Fair Value $.....0 Book/Adjusted Carrying Value $.....0
2. Average balance for the year to date: Fair Value $.....0 Book/Adjusted Carrying Value $.....0
3. Grand Total Schedule DL Part 1 and Part 2: Fair Value $.....0 Book/Adjusted Carrying Value $.....0

# NONE

# SCHEDULE E - PART 1 - CASH

## Month End Depository Balances

| 1 | | 2 | 3 | 4 | 5 | Book Balance at End of Each Month During Current Quarter | | | 9 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 6 | 7 | 8 | |
| Depository | | Code | Rate of Interest | Amount of Interest Received During Current Quarter | Amount of Interest Accrued at Current Statement Date | First Month | Second Month | Third Month | * |
| **Open Depositories** | | | | | | | | | |
| Bank of America | Little Rock, Arkansas | SD | 0.600 | | | 100,000 | 100,000 | 100,000 | XXX |
| US Bank | Winston-Salem, North Carolina | SD | 0.800 | 1 | | 35,003 | 35,003 | 35,004 | XXX |
| JP Morgan Chase Bank | Chicago, Illinois | | | | | 386,031 | 72,704 | 539,643 | XXX |
| US Bank | St. Paul, Minnesota | | | | | 19,862 | 19,862 | 19,862 | XXX |
| Wells Fargo | San Francisco, California | SD | | | | 50,181 | 50,181 | 50,181 | XXX |
| 0199999. Total Open Depositories | | XXX | XXX | 1 | 0 | 591,077 | 277,750 | 744,690 | XXX |
| 0399999. Total Cash on Deposit | | XXX | XXX | 1 | 0 | 591,077 | 277,750 | 744,690 | XXX |
| 0599999. Total Cash | | XXX | XXX | 1 | 0 | 591,077 | 277,750 | 744,690 | XXX |

# SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

| 1<br>Description | 2<br>Code | 3<br>Date Acquired | 4<br>Rate of Interest | 5<br>Maturity Date | 6<br>Book/Adjusted Carrying Value | 7<br>Amount of Interest Due & Accrued | 8<br>Amount Received During Year |
|---|---|---|---|---|---|---|---|

# NONE

# MEDICARE PART D COVERAGE SUPPLEMENT

(Net of Reinsurance)

NAIC Group Code.....0 NAIC Company Code.....60025

| | Individual Coverage | | Group Coverage | | 5 |
|---|---|---|---|---|---|
| | 1<br>Insured | 2<br>Uninsured | 3<br>Insured | 4<br>Uninsured | Total<br>Cash |
| 1. Premiums collected | | XXX | 69,127,063 | XXX | 69,127,063 |
| 2. Earned premiums | | XXX | 69,127,063 | XXX | XXX |
| 3. Claims paid | | XXX | 85,118,304 | XXX | 85,118,304 |
| 4. Claims incurred | | XXX | 84,966,804 | XXX | XXX |
| 5. Reinsurance coverage and low income cost sharing - claims paid net of reimbursements applied (a) | XXX | | XXX | | 0 |
| 6. Aggregate policy reserves - change | | XXX | 151,500 | XXX | XXX |
| 7. Expenses paid | | XXX | (14,047,707) | XXX | (14,047,707) |
| 8. Expenses incurred | | XXX | (14,047,707) | XXX | XXX |
| 9. Underwriting gain or loss | 0 | XXX | (1,943,534) | XXX | XXX |
| 10. Cash flow results | XXX | XXX | XXX | XXX | (1,943,534) |

(a) Uninsured Receivable/Payable with CMS at End of Quarter $.....0 due from CMS or $.....0 due to CMS.