

\*61832201420100101\*

# QUARTERLY STATEMENT

As of March 31, 2014  
of the Condition and Affairs of the

## THE CHESAPEAKE LIFE INSURANCE COMPANY

NAIC Group Code.....264, 264 (Current Period) (Prior Period)	NAIC Company Code..... 61832	Employer's ID Number..... 52-0676509
Organized under the Laws of OKLAHOMA Incorporated/Organized..... April 20, 1956	State of Domicile or Port of Entry OKLAHOMA Commenced Business..... October 1, 1956	Country of Domicile US
Statutory Home Office	1833 SOUTH MORGAN ROAD..... OKLAHOMA CITY ..... OK ..... US ..... 73128 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	9151 BOULEVARD 26..... NORTH RICHLAND HILLS ..... TX ..... US ..... 76180 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	817-255-3100 <i>(Area Code) (Telephone Number)</i>
Mail Address	9151 BOULEVARD 26..... NORTH RICHLAND HILLS ..... TX ..... US ..... 76180 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	9151 BOULEVARD 26..... NORTH RICHLAND HILLS ..... TX ..... US ..... 76180 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	817-255-3100 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	healthmarketsinc.com	
Statutory Statement Contact	Maria C. Palacios <i>(Name)</i> connie.palacios@hmkts.com <i>(E-Mail Address)</i>	817-255-3100-5473 <i>(Area Code) (Telephone Number) (Extension)</i> 817-255-5390 <i>(Fax Number)</i>

### OFFICERS

Name	Title	Name	Title
1. Kenneth John Fasola	Chairman of the Board, President & Chief Executive Officer	2. Peggy Gibbons Simpson	Secretary
3. Maria Consuelo Palacios	Senior Vice President Finance, Controller & Principal Accounting Officer	4. Richard Scott Donovan	Executive Vice President and Chief Financial Officer

### OTHER

Richard Evan Bierman	Senior Vice President, General Counsel	Susan Elizabeth Dew	Senior Vice President, Chief Ethics & Compliance Officer
Derrick Anthony Duke	Executive Vice President, Chief Operating Officer, Treasurer and Chief Investment Officer	David Alan Thompson	Vice President, Deputy General Counsel

### DIRECTORS OR TRUSTEES

Richard Evan Bierman	Richard Scott Donovan	Derrick Anthony Duke	Kenneth John Fasola
Mark Henry Smith			

State of..... TEXAS  
County of..... TARRANT

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) Kenneth John Fasola 1. (Printed Name) Chairman of the Board, President & Chief Executive Officer _____ (Title)	_____ (Signature) Peggy Gibbons Simpson 2. (Printed Name) Secretary _____ (Title)	_____ (Signature) Maria Consuelo Palacios 3. (Printed Name) Senior Vice President Finance, Controller & Principal Accounting Officer _____ (Title)
--	---	--

Subscribed and sworn to before me  
This 8th day of May, 2014

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 \_\_\_\_\_

**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	15,598,196		15,598,196	15,846,106
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 (\$.....(223,111)), cash equivalents (\$.....0) and short-term investments (\$.....25,033,892).....	24,810,781		24,810,781	23,248,462
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).....	40,408,977	0	40,408,977	39,094,568
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	165,662		165,662	105,589
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	56,885		56,885	48,285
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	3,327		3,327	3,034
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	439,264		439,264	439,784
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....	854,127		854,127	561,226
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	278,946		278,946	
18.2 Net deferred tax asset.....			0	
19. Guaranty funds receivable or on deposit.....	235,095		235,095	234,413
20. Electronic data processing equipment and software.....	4,021,807	4,021,807	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.....	1,530		1,530	1,935,381
24. Health care (\$.....10,292) and other amounts receivable.....	29,506,755	29,506,755	0	
25. Aggregate write-ins for other than invested assets.....	320,010	245,000	75,010	58,990
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	76,292,385	33,773,562	42,518,823	42,481,270
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. Total (Lines 26 and 27).....	76,292,385	33,773,562	42,518,823	42,481,270

**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. Investment annuity deferred and uncollected.....	75,010		75,010	3,675
2502. Miscellaneous receivables.....	17	17	0	55,315
2503. Affordable Care Act Section 9010 Assessment-Deferred Costs.....	244,983	244,983	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).....	320,010	245,000	75,010	58,990

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$.....403,961 less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	403,961	273,565
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....	5,812,701	4,740,472
3. Liability for deposit-type contracts (including \$.....0 Modco Reserve).....		
4. Contract claims:		
4.1 Life.....	67,759	67,759
4.2 Accident and health.....	9,473,138	8,482,928
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid.....		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$.....0 Modco).....		
6.2 Dividends not yet apportioned (including \$.....0 Modco).....		
6.3 Coupons and similar benefits (including \$.....0 Modco).....		
7. Amount provisionally held for deferred dividend policies not included in Line 6.....		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....605,674 accident and health premiums.....	606,025	276,014
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....		
9.2 Provision for experience rating refunds, including the liability of \$.....91,563 accident and health experience rating refunds of which \$.....91,563 is for medical loss ratio rebate per the Public Health Service Act.....	91,563	91,563
9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....949,786 ceded.....	949,786	1,016,313
9.4 Interest Maintenance Reserve.....	388,988	416,261
10. Commissions to agents due or accrued - life and annuity contracts \$.....0, accident and health \$.....218,491 and deposit-type contract funds \$.....0.....	218,491	451,345
11. Commissions and expense allowances payable on reinsurance assumed.....		
12. General expenses due or accrued.....	1,378,159	984,725
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances).....		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes.....	1,466,598	1,715,206
15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses).....		125,250
15.2 Net deferred tax liability.....		
16. Unearned investment income.....		
17. Amounts withheld or retained by company as agent or trustee.....	818,024	539,603
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....		
19. Remittances and items not allocated.....	1,002,528	494,422
20. Net adjustment in assets and liabilities due to foreign exchange rates.....		
21. Liability for benefits for employees and agents if not included above.....		
22. Borrowed money \$.....0 and interest thereon \$.....0.....		
23. Dividends to stockholders declared and unpaid.....		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve.....	43,628	44,276
24.02 Reinsurance in unauthorized and certified (\$.....0) companies.....		
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$.....0) reinsurers.....	485,042	485,042
24.04 Payable to parent, subsidiaries and affiliates.....	276,097	
24.05 Drafts outstanding.....		
24.06 Liability for amounts held under uninsured plans.....		
24.07 Funds held under coinsurance.....		
24.08 Derivatives.....		
24.09 Payable for securities.....		
24.10 Payable for securities lending.....		
24.11 Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	1,489,583	1,423,261
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	24,972,071	21,628,005
27. From Separate Accounts statement.....		
28. Total liabilities (Lines 26 and 27).....	24,972,071	21,628,005
29. Common capital stock.....	2,668,000	2,668,000
30. Preferred capital stock.....		
31. Aggregate write-ins for other than special surplus funds.....	0	0
32. Surplus notes.....		
33. Gross paid in and contributed surplus.....	66,900,000	66,900,000
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	(52,021,248)	(48,714,735)
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 29 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	14,878,752	18,185,265
38. Totals of Lines 29, 30 and 37.....	17,546,752	20,853,265
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3).....	42,518,823	42,481,270

## DETAILS OF WRITE-INS

2501. Premium suspense.....	3,960	3,089
2502. Unclaimed property.....	1,485,623	1,420,172
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	1,489,583	1,423,261
3101. ....		
3102. ....		
3103. ....		
3198. Summary of remaining write-ins for Line 31 from overflow page.....	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....	0	0
3401. ....		
3402. ....		
3403. ....		
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0

## SUMMARY OF OPERATIONS

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts.....	25,977,009	16,939,518	82,616,127
2. Considerations for supplementary contracts with life contingencies.....	19,422	111,277	184,875
3. Net investment income.....	110,430	185,207	633,130
4. Amortization of Interest Maintenance Reserve (IMR).....	27,274	31,651	106,916
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....			
6. Commissions and expense allowances on reinsurance ceded.....	902,723	1,147,666	5,452,847
7. Reserve adjustments on reinsurance ceded.....			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....			
8.2 Charges and fees for deposit-type contracts.....			
8.3 Aggregate write-ins for miscellaneous income.....	0	5,000	5,312
9. Totals (Lines 1 to 8.3).....	27,036,858	18,420,319	88,999,207
10. Death benefits.....	38,295	1,045	20,254
11. Matured endowments (excluding guaranteed annual pure endowments).....			
12. Annuity benefits.....			
13. Disability benefits and benefits under accident and health contracts.....	7,731,754	5,158,535	27,624,052
14. Coupons, guaranteed annual pure endowments and similar benefits.....			
15. Surrender benefits and withdrawals for life contracts.....	(14)	(419)	(2,351)
16. Group conversions.....			
17. Interest and adjustments on contract or deposit-type contract funds.....			
18. Payments on supplementary contracts with life contingencies.....	47,536	48,216	197,295
19. Increase in aggregate reserves for life and accident and health contracts.....	1,202,624	531,163	2,420,354
20. Totals (Lines 10 to 19).....	9,020,195	5,738,540	30,259,604
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	12,736,597	9,210,329	43,944,635
22. Commissions and expense allowances on reinsurance assumed.....	104,734	120,768	717,937
23. General insurance expenses.....	5,201,094	3,345,511	15,898,376
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	907,720	676,648	2,345,499
25. Increase in loading on deferred and uncollected premiums.....	17,896	20,658	486
26. Net transfers to or (from) Separate Accounts net of reinsurance.....			
27. Aggregate write-ins for deductions.....	2,173	19,470	248,533
28. Totals (Lines 20 to 27).....	27,990,409	19,131,924	93,415,069
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	(953,551)	(711,605)	(4,415,862)
30. Dividends to policyholders.....			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	(953,551)	(711,605)	(4,415,862)
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	(278,946)	(131,442)	(1,183,583)
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....	(674,605)	(580,163)	(3,232,279)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....0 (excluding taxes of \$.....0 transferred to the IMR).....			
35. Net income (Line 33 plus Line 34).....	(674,605)	(580,163)	(3,232,279)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year.....	20,853,265	23,310,430	23,310,431
37. Net income (Line 35).....	(674,605)	(580,163)	(3,232,279)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0.....			
39. Change in net unrealized foreign exchange capital gain (loss).....			
40. Change in net deferred income tax.....			
41. Change in nonadmitted assets.....	(2,632,556)	(4,484,396)	(4,226,892)
42. Change in liability for reinsurance in unauthorized and certified companies.....			
43. Change in reserve on account of change in valuation basis, (increase) or decrease.....			
44. Change in asset valuation reserve.....	648	(3,119)	2,005
45. Change in treasury stock.....			
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....			
47. Other changes in surplus in Separate Accounts Statement.....			
48. Change in surplus notes.....			
49. Cumulative effect of changes in accounting principles.....			
50. Capital changes:			
50.1 Paid in.....			
50.2 Transferred from surplus (Stock Dividend).....			
50.3 Transferred to surplus.....			
51. Surplus adjustment:			
51.1 Paid in.....			5,000,000
51.2 Transferred to capital (Stock Dividend).....			
51.3 Transferred from capital.....			
51.4 Change in surplus as a result of reinsurance.....			
52. Dividends to stockholders.....			
53. Aggregate write-ins for gains and losses in surplus.....	0	0	0
54. Net change in capital and surplus (Lines 37 through 53).....	(3,306,513)	(5,067,678)	(2,457,166)
55. Capital and surplus as of statement date (Lines 36 + 54).....	17,546,752	18,242,752	20,853,265

### DETAILS OF WRITE-INS

08.301. Other income.....		5,000	5,312
08.302. ....			
08.303. ....			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	0	5,000	5,312
2701. Penalties.....	1,802	18,507	22,369
2702. Other expense.....	371	963	226,164
2703. ....			
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	2,173	19,470	248,533
5301. ....			
5302. ....			
5303. ....			
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	0	0	0

## CASH FLOW

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>CASH FROM OPERATIONS</b>			
1. Premiums collected net of reinsurance.....	26,228,318	17,214,103	82,890,604
2. Net investment income.....	84,101	215,186	914,728
3. Miscellaneous income.....	902,723	1,152,666	5,458,159
4. Total (Lines 1 through 3).....	27,215,142	18,581,955	89,263,491
5. Benefit and loss related payments.....	7,186,269	5,096,512	23,686,141
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	18,974,706	13,408,122	61,430,714
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	125,250	(37,895)	(1,321,895)
10. Total (Lines 5 through 9).....	26,286,225	18,466,739	83,794,959
11. Net cash from operations (Line 4 minus Line 10).....	928,917	115,216	5,468,532
<b>CASH FROM INVESTMENTS</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	214,162	2,731,060	9,109,508
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).....	214,162	2,731,060	9,109,508
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....		431,973	3,046,866
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	431,973	3,046,866
14. Net increase or (decrease) in contract loans and premium notes.....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	214,162	2,299,087	6,062,642
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....			
16.2 Capital and paid in surplus, less treasury stock.....			5,000,000
16.3 Borrowed funds.....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....			(52,657)
16.5 Dividends to stockholders.....			
16.6 Other cash provided (applied).....	419,240	(4,784,552)	(6,154,479)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	419,240	(4,784,552)	(1,207,136)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	1,562,319	(2,370,249)	10,324,038
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	23,248,462	12,924,424	12,924,424
19.2 End of period (Line 18 plus Line 19.1).....	24,810,781	10,554,175	23,248,462

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

20.0001 .....			
---------------	--	--	--

**EXHIBIT 1**

**DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Industrial life.....	1,526	2,066	21,427
2. Ordinary life insurance.....	11,346,647	11,153,372	44,548,909
3. Ordinary individual annuities.....	175,954	182,872	200,094
4. Credit life (group and individual).....			
5. Group life insurance.....			
6. Group annuities.....			
7. A&H - group.....	268,295	375,842	1,431,174
8. A&H - credit (group and individual).....			
9. A&H - other.....	24,896,118	16,007,355	78,698,027
10. Aggregate of all other lines of business.....	0	0	0
11. Subtotal.....	36,688,540	27,721,507	124,899,631
12. Deposit-type contracts.....			
13. Total.....	36,688,540	27,721,507	124,899,631

**DETAILS OF WRITE-INS**

1001.....			
1002.....			
1003.....			
1098. Summary of remaining write-ins for Line 10 from overflow page.....	0	0	0
1099. Total (Lines 1001 thru 1003 plus 1098) (Line 10 above).....	0	0	0

**NOTES TO FINANCIAL STATEMENTS****Note 1 - Summary of Significant Accounting Policies**

## A. Accounting Practices

The Company presents these financial statements on the basis of accounting principles prescribed or permitted by the Oklahoma Insurance Department. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective March 1, 2014 (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Oklahoma.

The Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the Oklahoma Department of Insurance has no reconciling items. A reconciliation of the Company's net income and capital and surplus between NAIC SAP and the practices prescribed and permitted by the state of Oklahoma is shown below:

	State of Domicile	2014	2013
<b>NET INCOME</b>			
(1) THE CHESAPEAKE LIFE INSURANCE COMPANY state basis (Page 4, Line 35, Columns 1 & 2)	OK	(674,605)	(3,232,279)
(2) State Prescribed Practices that increase/decrease NAIC SAP			
(3) State Permitted Practices that increase/decrease NAIC SAP			
(4) NAIC SAP (1 – 2 – 3 = 4)	OK	(674,605)	(3,232,279)
<b>SURPLUS</b>			
(5) THE CHESAPEAKE LIFE INSURANCE COMPANY state basis (Page 3, line 37, Columns 1 & 2)	OK	17,546,752	20,853,265
(6) State Prescribed Practices that increase/decrease NAIC SAP			
(7) State Permitted Practices that increase/decrease NAIC SAP			
(8) NAIC SAP (5 – 6 – 7 = 8)	OK	17,546,752	20,853,265

**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**

## D. Loan-Backed Securities

- Sources used to determine prepayment assumptions -  
Prepayment assumptions for loan-backed bonds and structured securities were obtained from broker/dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment.
- The company has no loan-backed securities with a recognized other-than-temporary impairment during the reporting period.
- The company has no loan-backed securities that have recognized an other-than-temporary impairment.
- The company had no impaired loan backed securities during the period.
- Additional information considered in reaching the conclusion that the impairments are not other-than-temporary includes ratings, collateral performance, subordination and projected cash flows.

E3b. Repurchase Agreements and/or Securities Lending Transactions - Not applicable

I. Working Capital Finance Investment - Not applicable

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

No significant change.

---

## **NOTES TO FINANCIAL STATEMENTS**

---

### **Note 7 - Investment Income**

No significant change.

### **Note 8 - Derivative Instruments**

No significant change.

### **Note 9 - Income Taxes**

The Company has omitted income tax disclosures on interim financial statements because such disclosures would substantially duplicate the disclosures presented in the most recent annual statement. Except as provided in the following paragraph, the tax accounts reflect changes reasonably expected based on interim results of operations.

The Company has a federal income tax benefit of \$278,946 which is less than the anticipated benefit of \$333,743 on the pre-tax net loss from operations of \$953,551. The reduction of the tax benefit is attributed primarily to the reversal of temporary differences that generate taxable income of \$84,922 and the non-deductible ACA health insurer fee of \$81,661.

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

No significant change.

### **Note 11 - Debt**

B. Federal Home Loan Bank Agreements - Not applicable

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

A. The Company does not have a defined benefit plan.

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

No significant change.

### **Note 14 - Contingencies**

No significant change.

### **Note 15 - Leases**

No significant change.

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

No significant change.

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

B. The Company does not have any transfers or servicing of financial assets.

C. The Company does not have any Wash Sales.

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

No significant change.

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

No significant change.

**NOTES TO FINANCIAL STATEMENTS****Note 20 - Fair Value**

- A. The Company does not have any assets or liabilities measured at fair value on a recurring basis.
- B. Fair Value Measurement in (Level 3) of the Fair Value Hierarchy - Not applicable
- C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable to Estimate Fair Value
Bonds						
Government and agencies	7,289,555	7,290,282	419,737	6,869,818	-	-
Corporate and municipals	7,040,508	6,491,814	-	7,040,508	-	-
Residential backed Issued by agencies	2,004,925	1,816,100	-	2,004,925	-	-
Short-term investments	25,033,892	25,033,892	25,033,892	-	-	-
Total	41,368,880	40,632,088	25,453,629	15,915,251	-	-

- D. The Company does not have any financial assets or liabilities where it is not practicable to estimate fair value.

**Note 21 - Other Items**

- H. Offsetting and Netting of Assets and Liabilities - Not applicable

**Note 22 - Events Subsequent**

No significant change.

**Note 23 - Reinsurance**

No significant change.

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

No significant change.

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

Reserves for claims and claims administration expense as of December 31, 2013 were \$9.334 million. As of March 31, 2014, \$4.026 million has been paid for incurred loss and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$5.167 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on group and individual accident and health lines of insurance. Therefore, there has been a \$141,000 favorable prior year development from December 31, 2013 to March 31, 2014. The decrease is generally the result of ongoing analysis of recent loss development trends.

Original estimates are increased or decreased as additional information becomes known regarding individual claims and expenses. None of the Company's accident and health contracts are subject to retrospective rating refunds.

**Note 26 - Intercompany Pooling Arrangements**

No significant change.

**Note 27 - Structured Settlements**

No significant change.

**Note 28 - Health Care Receivables**

No significant change.

**Note 29 - Participating Policies**

No significant change.

---

## **NOTES TO FINANCIAL STATEMENTS**

---

**Note 30 - Premium Deficiency Reserves**

No significant change.

**Note 31 - Reserves for Life Contracts and Annuity Contracts**

No significant change.

**Note 32 - Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics**

No significant change.

**Note 33 - Premiums and Annuity Considerations Deferred and Uncollected**

No significant change.

**Note 34 - Separate Accounts**

Not Applicable.

**Note 35 - Loss/Claim Adjustment Expenses**

No significant change.

**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: .....
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]  
If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [ X ]
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.

\_\_\_\_\_

\_\_\_\_\_

- 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 Name of Entity	2 NAIC Company Code	3 State of 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. .....12/31/2012.....
- 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. .....12/31/2009.....
- 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). .....7/25/2011.....

- 6.4 By what department or departments?  
Oklahoma 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 [ ] No [ ] N/A [ X ]
- 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 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 [ X ] No [ ]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....0

**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 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter 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. For the reporting entity's security lending program, state the amount of the following as of current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$.....0

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$.....0

16.3 Total payable for securities lending reported on the liability page: \$.....0

17. 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 [ ]

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

1 Name of Custodian(s)	2 Custodian Address
Frost National Bank	P.O. Box 16509, Fort Worth, TX 76162

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [ X ]

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

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

17.5 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 Central Registration Depository	2 Name(s)	3 Address
	The MEGA Life and Health Insurance Company	9151 Boulevard 26, North Richland Hills, TX 76180

**PART 1 - INVESTMENT**

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [X] No [ ]

18.2 If no, list exceptions:

---

**THE CHESAPEAKE LIFE INSURANCE COMPANY**  
**GENERAL INTERROGATORIES (continued)**

**PART 2 - LIFE & HEALTH**

1. Report the statement value of mortgage loans at the end of this reporting period for the following categories:		
1.1 Long-term mortgages in good standing		Amount
1.11 Farm mortgages.....		\$.....
1.12 Residential mortgages.....		\$.....
1.13 Commercial mortgages.....		\$.....
1.14 Total mortgages in good standing.....		\$.....0
1.2 Long-term mortgages in good standing with restructured terms		
1.21 Total mortgages in good standing with restructured terms.....		\$.....
1.3 Long-term mortgage loans upon which interest is overdue more than three months		
1.31 Farm mortgages.....		\$.....
1.32 Residential mortgages.....		\$.....
1.33 Commercial mortgages.....		\$.....
1.34 Total mortgages with interest overdue more than three months.....		\$.....0
1.4 Long-term mortgage loans in process of foreclosure		
1.41 Farm mortgages.....		\$.....
1.42 Residential mortgages.....		\$.....
1.43 Commercial mortgages.....		\$.....
1.44 Total mortgages in process of foreclosure.....		\$.....0
1.5 Total mortgage loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Column 3, Lines 3.1 + 3.2)		\$.....0
1.6 Long-term mortgages foreclosed, properties transferred to real estate in current quarter		
1.61 Farm mortgages.....		\$.....
1.62 Residential mortgages.....		\$.....
1.63 Commercial mortgages.....		\$.....
1.64 Total mortgages foreclosed and transferred to real estate.....		\$.....0
2. Operating Percentages:		
2.1 A&H loss percent.....		.....34.9
2.2 A&H cost containment percent.....		.....0.8
2.3 A&H expense percent excluding cost containment expenses.....		.....68.9
3.1 Do you act as a custodian for health savings accounts?.....	Yes [ ]	No [X]
3.2 If yes, please provide the amount of custodial funds held as of the reporting date.....		\$.....
3.3 Do you act as an administrator for health savings accounts?.....	Yes [ ]	No [X]
3.4 If yes, please provide the balance of the funds administered as of the reporting date.....		\$.....

**SCHEDULE S - CEDED REINSURANCE**

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Type of Reinsurer	8 Certified Reinsurer Rating (1 through 6)	9 Effective Date of Certified Reinsuer Rating
<b>A&amp;H Non-Affiliates</b>								
11835.....	04-1590940.....	01/01/2014	PartnerRE America Insurance Company.....	DE.....	OTH/G.....	Authorized.....	.....	.....
11835.....	04-1590940.....	01/01/2014	PartnerRE America Insurance Company.....	DE.....	OTH/I.....	Authorized.....	.....	.....

# THE CHESAPEAKE LIFE INSURANCE COMPANY SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.	1	Active Status	Life Contracts		Direct Business Only			
			2	3	4	5	6	7
1. Alabama.....	AL	L	826,481		147,204		973,685	
2. Alaska.....	AK	L	9,276		544		9,820	
3. Arizona.....	AZ	L	73,181	1,062	977,090		1,051,333	
4. Arkansas.....	AR	L	152,109		97,490		249,599	
5. California.....	CA	L	1,325,085	67,494	2,168,442		3,561,021	
6. Colorado.....	CO	L	105,537	2,000	642,905		750,442	
7. Connecticut.....	CT	L	27,043		714,870		741,913	
8. Delaware.....	DE	L	6,836		20,412		27,248	
9. District of Columbia.....	DC	L	22,571	90	11,528		34,189	
10. Florida.....	FL	L	416,253	1,357	1,965,380		2,382,990	
11. Georgia.....	GA	L	1,024,664	588	730,601		1,755,853	
12. Hawaii.....	HI	L	19,754	1,029	2,210		22,993	
13. Idaho.....	ID	L	25,024	657	290,963		316,644	
14. Illinois.....	IL	L	322,085	500	1,411,269		1,733,854	
15. Indiana.....	IN	L	205,874	171	590,891		796,936	
16. Iowa.....	IA	L	137,806		316,478		454,284	
17. Kansas.....	KS	L	82,300	500	168,291		251,091	
18. Kentucky.....	KY	L	180,471		34,083		214,554	
19. Louisiana.....	LA	L	249,335		520,477		769,812	
20. Maine.....	ME	L	31,129	359	503,846		535,334	
21. Maryland.....	MD	L	206,743	2,235	849,153		1,058,131	
22. Massachusetts.....	MA	L	156,498	40	910,269		1,066,807	
23. Michigan.....	MI	L	236,496		1,637,754		1,874,250	
24. Minnesota.....	MN	L	151,564		1,995		153,559	
25. Mississippi.....	MS	L	278,716		382,348		661,064	
26. Missouri.....	MO	L	247,098	458	645,985		893,541	
27. Montana.....	MT	L	9,687		27,180		36,867	
28. Nebraska.....	NE	L	71,360		320,260		391,620	
29. Nevada.....	NV	L	64,248		373,681		437,929	
30. New Hampshire.....	NH	L	26,205		930,519		956,724	
31. New Jersey.....	NJ	N	12,575	500	2,569		15,644	
32. New Mexico.....	NM	L	77,280		9,348		86,628	
33. New York.....	NY	N	20,937	500	6,842		28,279	
34. North Carolina.....	NC	L	512,172		388,006		900,178	
35. North Dakota.....	ND	L	9,331		1,222		10,553	
36. Ohio.....	OH	L	273,969	90	828,941		1,103,000	
37. Oklahoma.....	OK	L	234,652		747,107		981,759	
38. Oregon.....	OR	L	67,376	2,079	318,519		387,974	
39. Pennsylvania.....	PA	L	311,376		1,080,867		1,392,243	
40. Rhode Island.....	RI	L	8,156		11,005		19,161	
41. South Carolina.....	SC	L	507,474		533,454		1,040,928	
42. South Dakota.....	SD	L	7,722		467		8,189	
43. Tennessee.....	TN	L	340,690		645,621		986,311	
44. Texas.....	TX	L	1,614,778	264	1,835,323		3,450,365	
45. Utah.....	UT	L	62,938	1,000	427,316		491,254	
46. Vermont.....	VT	N	357		674		1,031	
47. Virginia.....	VA	L	294,424	671	210,770		505,865	
48. Washington.....	WA	L	42,905	2,015	390,197		435,117	
49. West Virginia.....	WV	L	81,014	300	79,811		161,125	
50. Wisconsin.....	WI	L	144,826		569,758		714,584	
51. Wyoming.....	WY	L	17,290	212	12,458		29,960	
52. American Samoa.....	AS	N	1,821				1,821	
53. Guam.....	GU	N	441				441	
54. Puerto Rico.....	PR	N	68				68	
55. US Virgin Islands.....	VI	N	333				333	
56. Northern Mariana Islands.....	MP	N					0	
57. Canada.....	CAN	N	662				662	
58. Aggregate Other Alien.....	OT	XXX	2,533	500	0	0	3,033	0
59. Subtotal.....	(a)	48	11,339,529	86,671	25,494,393	0	36,920,593	0
90. Reporting entity contributions for employee benefit plans.....	XXX						0	
91. Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX						0	
92. Dividends or refunds applied to shorten endowment or premium paying period.....	XXX						0	
93. Premium or annuity considerations waived under disability or other contract provisions.....	XXX		39,567	114			39,681	
94. Aggregate other amounts not allocable by State.....	XXX		0	0	0	0	0	0
95. Totals (Direct Business).....	XXX		11,379,096	86,785	25,494,393	0	36,960,274	0
96. Plus Reinsurance Assumed.....	XXX				222,135		222,135	
97. Totals (All Business).....	XXX		11,379,096	86,785	25,716,528	0	37,182,409	0
98. Less Reinsurance Ceded.....	XXX		10,936,514	3,409	33,590		10,973,513	
99. Totals (All Business) less Reinsurance Ceded.....	XXX		442,582	83,376	25,682,938	0	26,208,896	0

**DETAILS OF WRITE-INS**

58001. Australia.....	XXX			500			500	
58002. Japan.....	XXX		487				487	
58003. Military.....	XXX		910				910	
58998. Summary of remaining write-ins for line 58 from overflow page.....	XXX		1,136	0	0	0	1,136	0
58999. Total (Lines 58001 thru 58003 plus 58998) (Line 58 above).....	XXX		2,533	500	0	0	3,033	0
9401. ....	XXX						0	
9402. ....	XXX						0	
9403. ....	XXX						0	
9498. Summary of remaining write-ins for line 94 from overflow page.....	XXX		0	0	0	0	0	0
9499. Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....	XXX		0	0	0	0	0	0

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

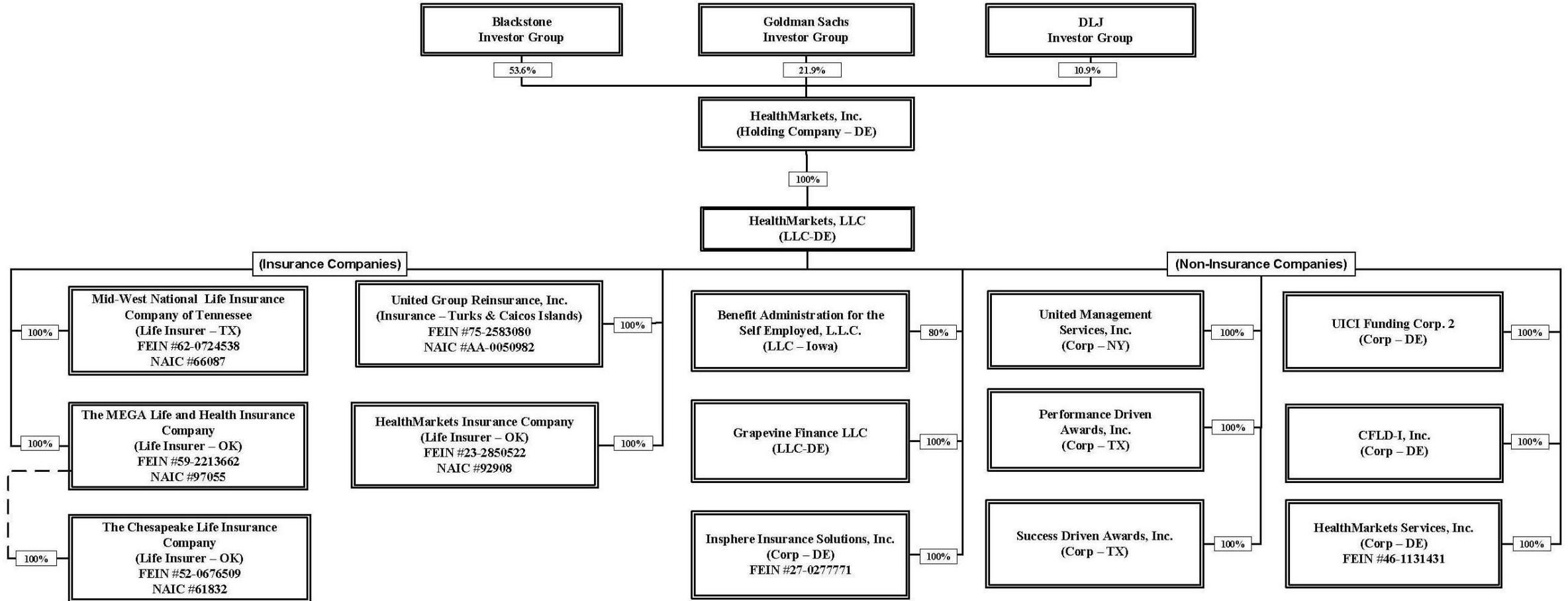
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

(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

**ORGANIZATIONAL CHART FOR HEALTHMARKETS  
HOLDING COMPANY SYSTEM AS OF MARCH 31, 2014**



Q12

**SCHEDULE Y**

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
<b>Members</b>														
0264	HealthMarkets, Inc.		75-2044750	4346649	773660		HealthMarkets, Inc.	DE	UIP	Blackstone Investor Group	Ownership	0.536	Blackstone, Goldman Sachs and DLJ Investor Groups	
0264	HealthMarkets, Inc.		75-2044750	4346649	773660		HealthMarkets, Inc.	DE	UIP	Goldman Sachs Investor Group	Ownership	0.219	Blackstone, Goldman Sachs and DLJ Investor Groups	
0264	HealthMarkets, Inc.		75-2044750	4346649	773660		HealthMarkets, Inc.	DE	UIP	DLJ Investor Group	Ownership	0.109	Blackstone, Goldman Sachs and DLJ Investor Groups	
0264	HealthMarkets, Inc.		75-2044750				HealthMarkets, LLC	DE	UIP	HealthMarkets, Inc.	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	A
0264	HealthMarkets, Inc.	66087	62-0724538				Mid-West National Life Insurance Company of Tennessee	TX	IA	HealthMarkets, LLC	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	
0264	HealthMarkets, Inc.		75-2583080				United Group Reinsurance, Inc.	TCA	IA	HealthMarkets, LLC	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	
0264	HealthMarkets, Inc.	92908	23-2850522				HealthMarkets Insurance Company	OK	IA	HealthMarkets, LLC	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	
0264	HealthMarkets, Inc.	97055	59-2213662				The Mega Life and Health Insurance Company	OK	UDP	HealthMarkets, LLC	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	
0264	HealthMarkets, Inc.	61832	52-0676509				The Chesapeake Life Insurance Company	OK	RE	The Mega Life and Health Insurance Company	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	
0264	HealthMarkets, Inc.		42-1485537				Benefit Administration for the Self Employed, L.L.C.	IA	NIA	HealthMarkets, LLC	Ownership	0.800	Blackstone, Goldman Sachs, DLJ Investor Groups	
0264	HealthMarkets, Inc.		75-2044750				Grapevine Finance L.L.C.	DE	NIA	HealthMarkets, LLC	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	B
0264	HealthMarkets, Inc.		27-0277771				Insphere Insurance Solutions, Inc.	DE	NIA	HealthMarkets, LLC	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	
0264	HealthMarkets, Inc.		75-26011747				United Management Services, Inc.	NY	NIA	HealthMarkets, LLC	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	
0264	HealthMarkets, Inc.		75-2707232				Performance Driven Awards, Inc.	TX	NIA	HealthMarkets, LLC	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	
0264	HealthMarkets, Inc.		90-0120736				Success Driven Awards, Inc.	TX	NIA	HealthMarkets, LLC	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	
0264	HealthMarkets, Inc.		75-2922396				UICI Funding Corp.2	DE	NIA	HealthMarkets, LLC	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	
0264	HealthMarkets, Inc.		75-2934566				CFLD-I, Inc.	DE	NIA	HealthMarkets, LLC	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	
0264	HealthMarkets, Inc.		46-1131431				HealthMarkets Services, Inc.	DE	NIA	HealthMarkets, LLC	Ownership	1.000	Blackstone, Goldman Sachs, DLJ Investor Groups	

013

Asterisk	Explanation
A	This Company uses the same FIN as the Parent Company (HealthMarkets, Inc.)
B	This is a Special Purpose Corporation and is a disregarded entity.

# THE CHESAPEAKE LIFE INSURANCE COMPANY

## 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 Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
3. Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
4. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
5. Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC?	NO
6. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC?	NO
7. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC?	NO

**Explanations:**

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

**Bar Code:**

\*61832201449000001\*

\*61832201444700001\*

\*61832201436500001\*

\*61832201444800001\*

\*61832201444500001\*

\*61832201444900001\*

\*61832201444600001\*

**THE CHESAPEAKE LIFE INSURANCE COMPANY**  
**Overflow Page for Write-Ins**

**Additional Write-Ins for Schedule T:**

States, Etc.	1 Active Status	Direct Business Only					
		Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Other Considerations	6 Total Columns 2 through 5	7 Deposit-Type Contracts
		2 Life Insurance Premiums	3 Annuity Considerations				
58004. Phillipines.....	...XXX.....	.....537	.....	.....	.....	.....537	.....
58005. Spain.....	...XXX.....	.....497	.....	.....	.....	.....497	.....
58006. United Kingdom.....	...XXX.....	.....102	.....	.....	.....	.....102	.....
58997. Summary of remaining write-ins for line 58.....	...XXX.....	.....1,136	.....0	.....0	.....0	.....1,136	.....0

**THE CHESAPEAKE LIFE INSURANCE COMPANY  
SCHEDULE A - VERIFICATION**

Real Estate

	1 Year to Date	2 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

	1 Year to Date	2 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

	1 Year to Date	2 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

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	15,846,102	22,034,649
2. Cost of bonds and stocks acquired.....		3,046,866
3. Accrual of discount.....	1,386	15,797
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration for bonds and stocks disposed of.....	214,162	9,109,508
7. Deduct amortization of premium.....	35,130	141,702
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).....	15,598,196	15,846,102
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	15,598,196	15,846,102

**SCHEDULE D - PART 1B**

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

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a).....	39,507,175	4,879,680	3,721,022	(33,743)	40,632,090			39,507,175
2. NAIC 2 (a).....								
3. NAIC 3 (a).....								
4. NAIC 4 (a).....								
5. NAIC 5 (a).....								
6. NAIC 6 (a).....								
7. Total Bonds.....	39,507,175	4,879,680	3,721,022	(33,743)	40,632,090	0	0	39,507,175
<b>PREFERRED STOCK</b>								
8. NAIC 1.....								
9. NAIC 2.....								
10. NAIC 3.....								
11. NAIC 4.....								
12. NAIC 5.....								
13. NAIC 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	39,507,175	4,879,680	3,721,022	(33,743)	40,632,090	0	0	39,507,175

QS102

(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 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999.....	.....25,033,892	.....XXX.....	.....25,033,892	.....1,106	.....

**SCHEDULE DA - VERIFICATION**

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	.....23,661,072	.....11,871,269
2. Cost of short-term investments acquired.....	.....4,879,680	.....23,570,899
3. Accrual of discount.....	.....	.....
4. Unrealized valuation increase (decrease).....	.....	.....
5. Total gain (loss) on disposals.....	.....	.....
6. Deduct consideration received on disposals.....	.....3,506,860	.....11,731,232
7. Deduct amortization of premium.....	.....	.....49,864
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).....	.....25,033,892	.....23,661,072
11. Deduct total nonadmitted amounts.....	.....	.....
12. Statement value at end of current period (Line 10 minus Line 11).....	.....25,033,892	.....23,661,072

**Sch. DB-Pt A-Verification  
NONE**

**Sch. DB-Pt B-Verification  
NONE**

**Sch. DB-Pt C-Sn 1  
NONE**

**Sch. DB-Pt C-Sn 2  
NONE**

**Sch. DB-Verification  
NONE**

**Sch. E-Verification  
NONE**

**Sch. A-Pt 2  
NONE**

**Sch. A-Pt 3  
NONE**

**Sch. B-Pt 2  
NONE**

**Sch. B-Pt 3  
NONE**

**Sch. BA-Pt 2  
NONE**

**Sch. BA-Pt 3  
NONE**

**Sch. D-Pt 3  
NONE**

**SCHEDULE D - PART 4**

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

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
<b>Bonds - U.S. Government</b>																					
36200R AE 2	GNMA #569805.....		03/15/2014	PRINCIPAL RECEIPT.....		.....205	.....205	.....206	.....207		.....(3)		.....(3)		.....205			.....0	.....2	05/15/2032	1.....
36200R YP 1	GNMA #570518.....		03/15/2014	PRINCIPAL RECEIPT.....		.....3,331	.....3,331	.....3,314	.....3,313		.....19		.....19		.....3,331			.....0	.....22	01/15/2032	1.....
36202S VQ 8	GNMA #608223.....		03/15/2014	PRINCIPAL RECEIPT.....		.....12,301	.....12,301	.....12,208	.....12,219		.....82		.....82		.....12,301			.....0	.....86	07/15/2033	1.....
36290R XW 8	GNMA #615493.....		03/15/2014	PRINCIPAL RECEIPT.....		.....15,375	.....15,375	.....15,404	.....15,449		.....(74)		.....(74)		.....15,375			.....0	.....136	08/15/2033	1.....
0599999	Total Bonds - U.S. Government.....					.....31,212	.....31,212	.....31,132	.....31,188		.....0	.....24	.....0	.....24	.....31,212	.....0	.....0	.....0	.....246	.....XXX...	.....XXX...
<b>Bonds - U.S. Special Revenue and Special Assessment</b>																					
31393E HR 3	FNMA 03-71 UA.....		03/25/2014	PRINCIPAL RECEIPT.....		.....24,064	.....24,064	.....22,740	.....23,606		.....457		.....457		.....24,064			.....0	.....153	08/25/2018	1.....
31393E ER 6	FNMA 03-79 NJ.....		03/25/2014	PRINCIPAL RECEIPT.....		.....72,865	.....72,865	.....71,430	.....72,291		.....574		.....574		.....72,865			.....0	.....582	08/25/2023	1.....
3199999	Total Bonds - U.S. Special Revenue and Special Assessment.....					.....96,929	.....96,928	.....94,170	.....95,897		.....0	.....1,031	.....0	.....1,031	.....96,929	.....0	.....0	.....0	.....735	.....XXX...	.....XXX...
<b>Bonds - Industrial and Miscellaneous</b>																					
12189P AL 6	BURLINGTON NORTH SANTA FE.....		01/15/2014	Sink PMT @ 100.0000000.....		.....86,023	.....86,023	.....96,303	.....92,399		.....(6,377)		.....(6,377)		.....86,023			.....0	.....2,556	01/15/2022	1FE.....
3899999	Total Bonds - Industrial and Miscellaneous.....					.....86,023	.....86,023	.....96,303	.....92,399		.....0	.....(6,377)	.....0	.....(6,377)	.....86,023	.....0	.....0	.....0	.....2,556	.....XXX...	.....XXX...
8399997	Total Bonds - Part 4.....					.....214,164	.....214,163	.....221,605	.....219,484		.....0	.....(5,322)	.....0	.....(5,322)	.....214,164	.....0	.....0	.....0	.....3,537	.....XXX...	.....XXX...
8399999	Total Bonds.....					.....214,164	.....214,163	.....221,605	.....219,484		.....0	.....(5,322)	.....0	.....(5,322)	.....214,164	.....0	.....0	.....0	.....3,537	.....XXX...	.....XXX...
9999999	Total Bonds, Preferred and Common Stocks.....					.....214,164	.....XXX.....	.....221,605	.....219,484		.....0	.....(5,322)	.....0	.....(5,322)	.....214,164	.....0	.....0	.....0	.....3,537	.....XXX...	.....XXX...

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

QE05

**Sch. DB-Pt A-Sn 1  
NONE**

**Sch. DB-Pt A-Sn 1-Footer A  
NONE**

**Sch. DB-Pt A-Sn 1-Footer B  
NONE**

**Sch. DB-Pt B-Sn 1  
NONE**

**Sch. DB-Pt B-Sn 1-Footer A  
NONE**

**Sch. DB-Pt B-Sn 1-Footer B  
NONE**

**Sch. DB-Pt B-Sn 1B-Broker List  
NONE**

**Sch. DB-Pt D-Sn 1  
NONE**

**Sch. DB-Pt D-Sn 2  
NONE**

**Sch. DL-Pt. 1  
NONE**

**Sch. DL-Pt. 2  
NONE**

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
<b>Open Depositories</b>								
JP Morgan Chase..... Dallas, TX.....					.....(1,465,816)	.....(1,569,358)	.....(547,697)	XXX..
Wells Fargo Bank..... Philadelphia, PA.....					.....214,582	.....215,906	.....148,795	XXX..
0199998. Deposits in.....2 depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories.....	...XXX.....	...XXX.....			.....175,770	.....175,770	.....175,791	XXX..
0199999. Total Open Depositories.....	...XXX.....	...XXX.....	.....0	.....0	.....(1,075,464)	.....(1,177,682)	.....(223,111)	XXX..
0399999. Total Cash on Deposit.....	...XXX.....	...XXX.....	.....0	.....0	.....(1,075,464)	.....(1,177,682)	.....(223,111)	XXX..
0599999. Total Cash.....	...XXX.....	...XXX.....	.....0	.....0	.....(1,075,464)	.....(1,177,682)	.....(223,111)	XXX..

### SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

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

**NONE**