



ANNUAL STATEMENT

For the Year Ending DECEMBER 31, 2014

OF THE CONDITION AND AFFAIRS OF THE

QualChoice Life and Health Insurance Company, Inc.

NAIC Group Code	0000 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	70998	Employer's ID Number	71-0386640
Organized under the Laws of	Arkansas		State of Domicile or Port of Entry	Arkansas		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[X] Dental Service Corporation[] Other[]	Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]	Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[]			
Incorporated/Organized	10/17/1992		Commenced Business	04/25/1965		
Statutory Home Office	12615 Chenal Parkway, Suite 300 <small>(Street and Number)</small>		Little Rock, AR, 72211 <small>(City or Town, State, Country and Zip Code)</small>			
Main Administrative Office	12615 Chenal Parkway, Suite 300 <small>(Street and Number)</small> Little Rock, AR, 72211 <small>(City or Town, State, Country and Zip Code)</small>					
Mail Address	12615 Chenal Parkway, Suite 300 <small>(Street and Number or P.O. Box)</small>		Little Rock, AR, 72211 <small>(City or Town, State, Country and Zip Code)</small>			
Primary Location of Books and Records	12615 Chenal Parkway, Suite 300 <small>(Street and Number)</small> Little Rock, AR, 72211 <small>(City or Town, State, Country and Zip Code)</small>					
Internet Website Address	www.qualchoice.com		(501)228-7111 <small>(Area Code)(Telephone Number)</small>			
Statutory Statement Contact	Randall Crow <small>(Name)</small> randall.crow@qualchoice.com <small>(E-Mail Address)</small>		(501)219-5109 <small>(Area Code)(Telephone Number)(Extension)</small> (501)228-0135 <small>(Fax Number)</small>			

OFFICERS

Name	Title
Michael Edward Stock	President
Randall Alvin Crow	Treasurer
Elizabeth Goldner Hubbard	Secretary #

OTHERS

Joni Self Daniels, Vice President - Operations	Stephen Sorsby M.D., Vice President - Medical Affairs
Betty Jo Tatum-Himes, Vice President - Sales & Marketing	Jon Foose, Vice President - Underwriting

DIRECTORS OR TRUSTEES

Mark Fred Bjornson	Christine William Mulheren
Steven Charles Schramm	Philip Linwood Foster
Charles Hanson #	

State of Arkansas
County of Pulaski ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the 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.

_____ <small>(Signature)</small> Michael Edward Stock <small>(Printed Name)</small> 1. President <small>(Title)</small>	_____ <small>(Signature)</small> Randall Alvin Crow <small>(Printed Name)</small> 2. Treasurer <small>(Title)</small>	_____ <small>(Signature)</small> Liz Hubbard <small>(Printed Name)</small> 3. Secretary <small>(Title)</small>
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Subscribed and sworn to before me this _____ day of _____, 2015

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

Yes[X] No[]

(Notary Public Signature)

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)	100,912		100,912	100,768
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....7,276,537, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....0, Schedule DA)	7,276,537		7,276,537	2,274,203
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				1
12. Subtotals, cash and invested assets (Lines 1 to 11)	7,377,449		7,377,449	2,374,972
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	84		84	89
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	13,504		13,504	23,681
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	61,458		61,458	
18.1 Current federal and foreign income tax recoverable and interest thereon				2,095
18.2 Net deferred tax asset	230,776	230,776		
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$.....0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	26,602		26,602	
24. Health care (\$.....5,383) and other amounts receivable	19,986	14,603	5,383	5,295
25. Aggregate write-ins for other than invested assets	75,000	75,000		
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	7,804,859	320,379	7,484,480	2,406,132
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	7,804,859	320,379	7,484,480	2,406,132
DETAILS OF WRITE-INS				
1101. Rounding				1
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				1
2501. Insurance Charter	75,000	75,000		
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	75,000	75,000		

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	863,066	108,135	971,201	570,584
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	33,859		33,859	3,822
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance				
9. General expenses due or accrued	38,320		38,320	41,194
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable	67,749		67,749	60,199
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	17,651		17,651	26,440
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$.....0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				
23. Aggregate write-ins for other liabilities (including \$.....0 current)	73,306		73,306	
24. TOTAL Liabilities (Lines 1 to 23)	1,093,951	108,135	1,202,086	702,239
25. Aggregate write-ins for special surplus funds	X X X	X X X	106,509	
26. Common capital stock	X X X	X X X	103,750	103,750
27. Preferred capital stock	X X X	X X X	1,500,000	1,500,000
28. Gross paid in and contributed surplus	X X X	X X X	1,447,206	872,206
29. Surplus notes	X X X	X X X	5,000,000	
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	(1,875,071)	(772,063)
32. Less treasury stock, at cost:				
32.10 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.20 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	6,282,394	1,703,893
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	7,484,480	2,406,132
DETAILS OF WRITE-INS				
2301. Rounding				
2302. ACA Risk Sharing	73,306		73,306	
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	73,306		73,306	
2501. ACA Section 9010 Assessment	X X X	X X X	106,509	
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X	106,509	
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	25,884	22,838
2. Net premium income (including \$.....0 non-health premium income)	X X X	6,051,417	6,106,778
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X	16,018	16,444
8. TOTAL Revenues (Lines 2 to 7)	X X X	6,067,435	6,123,222
Hospital and Medical:			
9. Hospital/medical benefits	1,038,621	5,412,301	4,253,891
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area	27,287	142,195	110,865
13. Prescription drugs		812,876	770,612
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)	1,065,908	6,367,372	5,135,368
Less:			
17. Net reinsurance recoveries		640,508	34,571
18. TOTAL Hospital and Medical (Lines 16 minus 17)	1,065,908	5,726,864	5,100,797
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....185,052 cost containment expenses		269,980	206,113
21. General administrative expenses		986,373	882,813
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			(50,061)
23. TOTAL Underwriting Deductions (Lines 18 through 22)	1,065,908	6,983,217	6,139,662
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(915,782)	(16,440)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		4,568	3,464
26. Net realized capital gains (losses) less capital gains tax of \$.....0			
27. Net investment gains (losses) (Lines 25 plus 26)		4,568	3,464
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			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(911,214)	(12,976)
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	(911,214)	(12,976)
DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701. Commission on Life Product	X X X	16,018	16,444
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X	16,018	16,444
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. Rounding			
2902. 0			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	1,703,893	1,710,633
34.	Net income or (loss) from Line 32	(911,214)	(12,976)
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	228,681	
39.	Change in nonadmitted assets	(313,966)	6,235
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes	5,000,000	
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	575,000	
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		1
48.	Net change in capital and surplus (Lines 34 to 47)	4,578,501	(6,740)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	6,282,394	1,703,893
DETAILS OF WRITE-INS			
4701.	rounding		1
4702.		
4703.		
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		1

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	6,069,568	6,044,016
2. Net investment income	4,429	3,322
3. Miscellaneous income	7,317	17,398
4. TOTAL (Lines 1 through 3)	6,081,314	6,064,736
5. Benefit and loss related payments	5,326,247	5,003,590
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	1,365,648	1,060,334
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10. TOTAL (Lines 5 through 9)	6,691,895	6,063,924
11. Net cash from operations (Line 4 minus Line 10)	(610,581)	812
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)		
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)		
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	5,000,000	
16.2 Capital and paid in surplus, less treasury stock	575,000	
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)	37,915	609,838
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	5,612,915	609,838
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	5,002,334	610,650
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	2,274,203	1,663,553
19.2 End of year (Line 18 plus Line 19.1)	7,276,537	2,274,203

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	6,051,417	5,422,282	498,198							130,937
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues	16,018	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	16,018
7. TOTAL Revenues (Lines 1 to 6)	6,067,435	5,422,282	498,198							146,955
8. Hospital/medical benefits	5,412,301	5,005,721	406,580							X X X
9. Other professional services										X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	142,195	131,513	10,682							X X X
12. Prescription drugs	812,876	812,876								X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments and bonus amounts										X X X
15. Subtotal (Lines 8 to 14)	6,367,372	5,950,110	417,262							X X X
16. Net reinsurance recoveries	640,508	640,508								X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16)	5,726,864	5,309,602	417,262							X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$.....185,052 cost containment expenses	269,980	247,920	22,060							
20. General administrative expenses	986,373	907,473	78,900							
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. TOTAL Underwriting Deductions (Lines 17 to 22)	6,983,217	6,464,995	518,222							
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(915,782)	(1,042,713)	(20,024)							146,955
DETAILS OF WRITE-INS										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page										X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										X X X
0601. Commissions on Life Product	16,018	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	16,018
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	16,018	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	16,018
1301.										X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)	6,014,204		591,922	5,422,282
2. Medicare Supplement	498,198			498,198
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid				
8. Other health				
9. Health subtotal (Lines 1 through 8)	6,512,402		591,922	5,920,480
10. Life	777,848		646,911	130,937
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	7,290,250		1,238,833	6,051,417

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	5,969,956	5,680,638	289,318							
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	640,507	640,507								
1.4 Net	5,329,449	5,040,131	289,318							
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	971,201	833,703	137,498							
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	971,201	833,703	137,498							
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)	3,201	3,201								
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	570,584	561,030	9,554							
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	570,584	561,030	9,554							
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	6,367,372	5,950,110	417,262							
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	640,507	640,507								
12.4 Net	5,726,865	5,309,603	417,262							
13. Incurred medical incentive pools and bonuses										

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	86,085	72,293	13,792							
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	86,085	72,293	13,792							
2. Incurred but Unreported:										
2.1 Direct	885,116	761,410	123,706							
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	885,116	761,410	123,706							
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	971,201	833,703	137,498							
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	971,201	833,703	137,498							

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical)	504,423	5,205,979	1,399	832,304	505,822	561,030
2.	Medicare Supplement		289,318		137,498		9,554
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid						
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	504,423	5,495,297	1,399	969,802	505,822	570,584
10.	Healthcare receivables (a)	14,730	650,042		19,986	14,730	11,285
11.	Other non-health						
12.	Medical incentive pool and bonus amounts						
13.	TOTALS (Lines 9 - 10 + 11 + 12)	489,693	4,845,255	1,399	949,816	491,092	559,299

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

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior					
2. 2010					
3. 2011	X X X	3,140	3,439	3,439	3,439
4. 2012	X X X	X X X	5,418	5,523	5,523
5. 2013	X X X	X X X	X X X	4,948	5,116
6. 2014	X X X	X X X	X X X	X X X	5,092

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior					
2. 2010					
3. 2011	X X X	3,140	3,439	3,439	3,439
4. 2012	X X X	X X X	5,432	5,525	5,523
5. 2013	X X X	X X X	X X X	5,516	5,117
6. 2014	X X X	X X X	X X X	X X X	6,062

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2010										
2. 2011	4,784	3,439	16	0.473	3,455	72.225			3,455	72.225
3. 2012	5,985	5,523	140	2.543	5,663	94.627			5,663	94.627
4. 2013	6,150	5,116	211	4.116	5,327	86.611	1		5,328	86.627
5. 2014	6,512	5,092	213	4.178	5,305	81.461	970	33	6,308	96.867

12 Total

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

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior					
2. 2010					
3. 2011	X X X	3,140	3,439	3,439	3,439
4. 2012	X X X	X X X	5,404	5,509	5,509
5. 2013	X X X	X X X	X X X	4,891	5,059
6. 2014	X X X	X X X	X X X	X X X	4,803

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior					
2. 2010					
3. 2011	X X X	3,140	3,439	3,439	3,439
4. 2012	X X X	X X X	5,418	5,511	5,509
5. 2013	X X X	X X X	X X X	5,450	5,060
6. 2014	X X X	X X X	X X X	X X X	5,636

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2010										
2. 2011	4,784	3,439	16	0.473	3,455	72.225			3,455	72.225
3. 2012	5,919	5,509	140	2.549	5,649	95.446			5,649	95.446
4. 2013	5,967	5,059	211	4.162	5,270	88.312	1		5,271	88.328
5. 2014	6,014	4,803	213	4.430	5,016	83.401	833	33	5,882	97.804

12 Hospital and Medical

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

Medicare Supplement
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior					
2. 2010					
3. 2011	X X X				
4. 2012	X X X	X X X	14	14	14
5. 2013	X X X	X X X	X X X	57	57
6. 2014	X X X	X X X	X X X	X X X	289

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior					
2. 2010					
3. 2011	X X X				
4. 2012	X X X	X X X	14	14	14
5. 2013	X X X	X X X	X X X	66	57
6. 2014	X X X	X X X	X X X	X X X	426

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2010										
2. 2011										
3. 2012	66	14			14	21.212			14	21.212
4. 2013	183	57			57	31.148			57	31.148
5. 2014	498	289			289	58.032	137		426	85.542

12 Medicare Supplement

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only	NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only	NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only	NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only	NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only	NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only	NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP	NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP	NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP	NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid	NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid	NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid	NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other	NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other	NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other	NONE
13 Underwriting Invest Exh Pt 2D - A & H Reserve	NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	3,482	1,560	18,034		23,076
2. Salaries, wages and other benefits	64,839	29,046	335,794		429,679
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)	48,513	21,733	251,247		321,493
4. Legal fees and expenses					
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	1,753	785	9,079		11,617
7. Traveling expenses	693	310	3,587		4,590
8. Marketing and advertising	3,826	1,714	19,812		25,352
9. Postage, express and telephone	4,499	2,016	23,303		29,818
10. Printing and office supplies	4,274	1,915	22,136		28,325
11. Occupancy, depreciation and amortization					
12. Equipment					
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services	25,558	11,450	132,364		169,372
15. Boards, bureaus and association fees					
16. Insurance, except on real estate	1,434	643	7,428		9,505
17. Collection and bank service charges	565	253	2,925		3,743
18. Group service and administration fees					
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes	6,024	2,698	31,196		39,918
23.3 Regulatory authority licenses and fees	11,080	4,963	57,381		73,424
23.4 Payroll taxes	3,544	1,588	18,353		23,485
23.5 Other (excluding federal income and real estate taxes)	2,963	1,327	15,344		19,634
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	2,005	2,929	38,388		43,322
26. TOTAL Expenses Incurred (Lines 1 to 25)	185,052	84,930	986,371		(a) 1,256,353
27. Less expenses unpaid December 31, current year		33,859	38,320		72,179
28. Add expenses unpaid December 31, prior year		3,822	41,194		45,016
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	185,052	54,893	989,245		1,229,190
DETAILS OF WRITE-INS					
2501. Other Employee Expenses	1,454	651	7,528		9,633
2502. Donations	183	82	947		1,212
2503. Storage Fees	81	36	419		536
2598. Summary of remaining write-ins for Line 25 from overflow page	287	2,160	29,494		31,941
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,005	2,929	38,388		43,322

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 4,429	4,568
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e)	
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. TOTAL Gross investment income	4,429	4,568
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. TOTAL Deductions (Lines 11 through 15)		
17. Net Investment income (Line 10 minus Line 16)		4,568
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)		

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

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

NONE

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Invested income due and accrued			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection		423	423
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	230,776		(230,776)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	14,603	5,990	(8,613)
25. Aggregate write-ins for other than invested assets	75,000		(75,000)
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	320,379	6,413	(313,966)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. TOTAL (Lines 26 and 27)	320,379	6,413	(313,966)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Insurance Charter	75,000		(75,000)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	75,000		(75,000)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations	1,881	1,871	1,832	1,834	1,842	22,124
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	156	236	285	362	491	3,760
7. TOTAL	2,037	2,107	2,117	2,196	2,333	25,884
DETAILS OF WRITE-INS						
0601. Medicare Supplement	156	236	285	362	491	3,760
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	156	236	285	362	491	3,760

Notes to Financial Statements

QUALCHOICE LIFE AND HEALTH INSURANCE COMPANY, INC.

Notes to Financial Statements - Statutory Basis December 31, 2014 and 2013

(1) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used in the preparation of the accompanying financial statements. Such policies are in conformity with the Annual Statement Instructions and the Accounting Practices and Procedures Manual of the National Association of Insurance Commissioners ("NAIC") and the accounting practices as prescribed or permitted by the Arkansas Insurance Department and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents and Short Term Investments: The Company considers all cash accounts and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Investments with a maturity of more than four months but less than one year are considered short term investments and are stated at amortized cost.

Premiums Receivable: The Company uses the allowance method of accounting for uncollectible receivables. Premiums receivable represent medical premium revenue that has been billed and recognized as revenue, but has not been collected.

Investment Securities: Bonds and other debt instruments are classified as held to maturity and are stated at cost adjusted for amortization of premiums and accretion of discounts computed by the interest method.

Medical Claims Payable: Reported claims expected to be paid after the balance sheet date for services provided to members prior to the balance sheet date are recorded as liabilities. Claims for services provided to members during the financial reporting period which are unreported at the balance sheet date are estimated based on the Company's claims experience and recorded as liabilities. The amounts recorded are based upon estimates of the ultimate net cost of such services provided. These reserves are subject to continuous review by management and changes in estimates are reflected in earnings currently.

Income Taxes: Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. The deferred tax assets and liabilities represent the future tax return consequences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Revenue: Medical premium revenue is recognized in the month in which members are entitled to receive health care services. Medical premiums collected in advance are recorded as unearned premium revenue.

Cost of Benefits Provided: Cost of benefits provided includes the costs of all medical services delivered to enrolled members of the Company and for whom the Company has recorded medical premium revenue during the reporting period. These costs include payments for specific medical services paid to physicians, hospitals, and other health care providers on a fee-for-service basis. Costs of benefits include claims paid, claims in process and pending, estimates of unreported claims and charges, and processing costs of those estimates at the end of the fiscal year for which the Company will be responsible. There are certain provider contracts within the network that contain various risk sharing arrangements, in which the unallocated withhold amounts for members who have not designated a primary care physician are returned to the Company as part of the settlement and administration of such risk sharing arrangements and accordingly are recorded as a reduction of cost of benefits provided.

Premium Tax: The state in which the Company does business requires the remittance of premium taxes based upon a percentage of billed premiums.

Notes to Financial Statements

Advertising Costs: Advertising and promotions related expenses are charged to operations when incurred.

Non-Admitted Assets: Certain assets designated as "non-admitted" are not included in the financial statements.

Accounting Estimates: The preparation of financial statements in conformity with the accounting practices described above requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Regulatory Filing: The Company is a Life and Health company. Ninety-eight percent of the premium is from health premiums, as reported on page 27 question 2. Therefore the company qualifies as a health company for filing purposes. The Company also received permission from the Arkansas Insurance Department to file using the health blank. One hundred percent of all risk on the life insurance is ceded to Companion Life.

(2) **Accounting Changes and Corrections of Errors**

None

(3) **Business Combinations and Goodwill**

None

(4) **Discontinued Operations**

None

(5) **Investments**

The Company holds a U.S. Government debt security that is restricted due to regulatory requirements, which matures in three years and is held to maturity. At December 31, 2014 and 2013, the aggregate fair value was \$100,912 and \$100,768, respectively.

(6) **Joint Ventures, Partnerships and Limited Liability Companies**

The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of its admitted assets.

(7) **Investment Income**

The Company's investment income was earned on cash and cash equivalents, and bonds. No investment income was excluded from surplus for the years ended December 31, 2014 and 2013.

(8) **Derivative Instruments**

None

(9) **Income Taxes**

The Company's net deferred tax asset account was comprised of the following as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Deferred tax assets	485,641	-
Valuation allowance	(485,641)	-
	<u>-</u>	<u>-</u>

Notes to Financial Statements

The Company has available as of December 31, 2014 unused operating loss carryforwards that may be applied against future taxable income and that expire as follows:

<u>Year of Expiration</u>	<u>Unused Operating Loss Carryforwards</u>
2029	57,120
2032	120,544
2033	133,211
2034	-
	310,875

The provision for income taxes in the financial statements differs from the amount determined by applying the statutory Federal income rate to earnings before income taxes.

The reconciling items and amounts as of December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Expected income tax expense	-	-
Benefit from net operating loss carryforwards	-	-
	-	-

(10) Information Concerning Parent, Subsidiaries and Affiliates

The Company is party to a service agreement with an affiliate whereby the affiliate provides a full range of administrative, managerial and technological services. The Company paid this affiliate \$692,083 and \$271,920 during 2014 and 2013, respectively, for these services.

Under the provisions of various provider contracts, the Company paid \$640,643 and \$540,056 to hospitals owned by or affiliated with stockholders during 2014 and 2013, respectively.

The company had no administrative fee received from hospitals owned or affiliated with stockholders during 2014 or 2013 that related to the administrative services only (ASO) line of business.

The Company was due \$0 and \$0 from stockholders as of December 31, 2014 and 2013, respectively.

The Company owed \$17,651 and \$26,440 to stockholders as of December 31, 2014 and 2013, respectively.

QualChoice Holdings, Inc. was issued a Certificate of Incorporation as a for-profit corporation August 17, 2010. It was established for the purpose of owning the stock of QCA Health Plan, Inc. and QualChoice Life and Health Insurance Company, Inc. On November 29, 2010, 100% of the stock of both companies was transferred to QualChoice Holdings, Inc. QualChoice Holdings, Inc. now owns 100% of the outstanding stock of QCA Health Plan, Inc.

The Company received a contribution in capital of \$500,000. The contribution was recorded as an accounts receivable and as paid in capital in the 1st quarter. The cash was received in the 2nd quarter and the accounts receivable was removed from the statement. See note 1 for further information.

On April 8, 2014 CollabHealth Plan Services, Inc. submitted a Form A Statement regarding the acquisition of control or merger with QualChoice Holding, Inc. QualChoice Holdings, Inc. is the parent company of QCA Health Plan, Inc. and QualChoice Life and Health

Notes to Financial Statements

Insurance Company, Inc. CollabHealth, a wholly owned subsidiary of Catholic Health Initiatives, closed on a series of stock-purchase agreements to acquire QualChoice Holdings, Inc. On May 1, 2014 the transaction was approved. CollabHealth contributed new capital of \$500,000 to QualChoice Life and Health Insurance Company, Inc. Treatment of the capital contribution is discussed in Note 1. In the 2nd quarter CollabHealth Health, Inc. was renamed Prominence Health, Inc. and CollabHealth Plan Services Plan Services, Inc. was renamed Prominence Health Plan Services, Inc. The new names are reflected in Schedule Y. Upon completion of the stock-purchase agreements QCA Health Plan, Inc. became part of a Holding Company. This is reflected on Schedule Y.

(11) Debt

The Company had the following surplus notes payable at December 31:

	<u>2014</u>	<u>2013</u>
Surplus note payable to Prominence Health Plan Services, Inc With interest at 6% beginning in December 2014	5,000,000	-

(12) Retirement Plans, Deferred Compensation and Other Postretirement Benefit Plans

The Company has an employee 401(k) plan covering all full-time employees of the Company who have completed three months of employment and choose to participate. The Company contributes an amount equal to the portion of the employee's contribution which does not exceed 3% of the employee's salary. Contributions to the plan during 2014 totaled \$10,276.24.

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

The Company has 10,000 shares of \$100 per share par value common stock authorized and 20,000 shares of \$1 per share par value common stock authorized, of which 900 shares and 13,750 shares, respectively, were outstanding as of December 31, 2013 and 2012. The Company also has 1,500 shares of \$1,000 per share par value preferred stock authorized and outstanding at December 31, 2014 and 2013.

The maximum amount of dividends, which may be paid by Arkansas insurance companies without prior approval of the Insurance Commissioner, is subject to restrictions relating to capital and surplus. Within these limitations, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to shareholders. Dividends are declared by the Board of Directors and are not cumulative. The Company does not intend to pay dividends on its common or preferred stock in the foreseeable future.

(14) Contingencies

The Company is a defendant in general litigation as of December 31, 2014, in the ordinary course of business. The Company's management believes, however, that any liability it may incur as a result of this litigation would not have a material or adverse effect on the financial statements and, accordingly, no contingencies have been recorded.

The Company is subject to various regulatory requirements, including maintenance of minimum capital and surplus. At December 31, 2014, the Company is in compliance with requirements established by the Arkansas Insurance Department. The Company is required to maintain restricted investments in the minimum maturity amount of \$100,000.

(15) Leases

None

Notes to Financial Statements

(16) Information About Financial Instruments With Off Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

None

(17) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None

(18) Gain or Loss To The Reporting Entity From Uninsured Plans and the Uninsured Portion of Partially Insured Plans

During 2014 and 2013, the Company had administrative services only contracts and minimum premium contracts, for which the employer retained all health care service risk, while the Company assumed administrative risk. The Company recorded administrative fee revenues of approximately \$0 and \$7,848 for 2014 and 2013, respectively. The amounts are not recorded as revenue in this statutory statement, but rather as a reduction in operating expenses. The loss associated with this line of business was \$0 in 2014, and the associated profit was \$221 for 2013. The Company has no Medicare or similarly structured cost based reimbursement contracts.

(19) Direct Premium Written/Produced By Managing General Agents/Third Party Administrators

None

(20) Fair Value Measurements

None

(21) Other Items

J. Risk Sharing Provisions of the Affordable Care Act

1. Permanent Risk Adjustment Program

Assets	Amount
a. Premium Adjustment Receivable	\$0
Liabilities	
b. Risk Adjustment User Fees Payable	\$0
c. Premium Adjustments Payable	\$73,306
Operations (Revenue & Expense)	
d. Premium for Accident and Health Contracts	\$73,306

2. Transitional Reinsurance Program

Assets	
a. Amounts recoverable for claims paid	\$0
b. Amounts recoverable for claims unpaid	\$0
c. Amounts receivable relating to uninsured plans	\$0

Notes to Financial Statements

Liabilities

d. Claims unpaid-ceded	\$0
e. Contributions payable-not reported as ceded	\$0
f. Ceded reinsurance premiums payable	\$0
g. Liability for amounts held under uninsured plans	\$0

Operations (Revenue & Expense)

h. Ceded reinsurance premiums	\$0
i. Reinsurance recoveries	\$0
j. Contributions-not reported as ceded premiums	\$119,700

3. Temporary Risk Corridors Program

Assets

a. Accrued retrospective premium	\$0
----------------------------------	-----

Liabilities

b. Reserve for rate credits/policy exp rating refunds	\$0
-------------------------------------------------------	-----

Operations (Revenue & Expense)

c. Net premium income (paid/received)	\$0
d. Change in reserves for rate credits	\$0

4. Have there been any material re-estimations and/or impairments for the reporting period? **NO**

(22) Events Subsequent

Subsequent events have been considered through February 27, 2015, the date which the financial statements were to be filed.

On January 1, 2014, the Company will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2014 to be \$60,045.00. This assessment is expected to impact risk based capital by 4%.

(23) Reinsurance

The Company is covered under a medical reinsurance agreement effective October 1, 2014 through December 31, 2015, that provides annual coverage for eligible in-area and out of area hospital services of 90% in excess of \$200,000 per member for group coverage and \$275,000 for individual coverage. The policy covers all medical and pharmaceutical services including inpatient and outpatient hospital, sub-acute facility services, skilled nursing facility and rehabilitation facility services, hospice services, home health agency

Notes to Financial Statements

services, outpatient facility services, prescription drugs certain other professional services. The policy does not cover physician services. Certain covered services have per unit or annual coverage limits. For example, coverage for prescription drugs is limited to \$250,000 per contract year. Each insured member's coverage is limited to \$5,000,000 in the contract year for Medicare Supplement coverage and \$10,000,000 for all others..

The reinsurance agreement contains a provision through which the Company may receive an experience refund equal to 40% of a realized gain in a contract year. A realized gain is defined as the amount by which the actual claims against the policy filed by the Company are less than 68% of total policy premiums for the contract year. The policy must be renewed in a subsequent contract year for the Company to receive a prior year's experience refund. At December 31, 2014 the Company had no receivable for experience refund related to the contract year that began October 1, 2014. The receivable at year end 2013 was \$0.

The Company has no return commission, which would have been due if the Company had cancelled the reinsurance. The Company has no retroactive reinsurance agreements. The reinsurance does not have retroactive termination arrangement clause.

(24) Retrospectively Rated Contracts & Contracts Subject To Redetermination

None

(25) Change In Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2013 were \$570,584. As of December 31, 2014, \$504,423 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years.

(26) Intercompany Pooling Arrangements

None

(27) Structured Settlements

None

(28) Health Care Receivables

The Company experienced the following activity associated with the pharmaceutical rebate receivables by quarter for the year ended December 31, 2014:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Confirmed	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2014	19,986	0	0	0	0
9/30/2014	11,956	0	0	0	0
6/30/2014	0	10,576	10,576	0	0
3/31/2014	0	21,009	10,434	10,576	0
12/31/2013	11,285	12,035	12,035	0	0
9/30/2013	9,234	20,863	8,828	12,035	0
6/30/2013	4,933	16,075	7,247	8,828	0
3/31/2013	7,109	15,320	8,074	7,247	0
12/31/2012	12,239	13,204	5,130	8,074	0
9/30/2012	24,935	11,521	6,391	5,130	0
6/30/2012	16,407	12,956	6,565	6,391	0

Notes to Financial Statements

3/31/2012	18,268	17,885	11,320	6,565	0
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(29) Participating Policies

None

(30) Premium Deficiency Reserves

None.

(31) Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[X] No[]
- 2.2 If yes, date of change:05/01/2014.....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2009.....
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2009.....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).07/01/2010.....
- 3.4 By what department or departments?
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[] No[] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes,0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity
.....

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
..... Yes[] No[X] ...			

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Rasco, Winter, Abston, Moore and Associates 400 West Capitol, Ste. 1624 Little Rock, Arkansas
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[] N/A[]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Brad Davis Wakely Consulting Group 1660 Highway 100 South, Suite 590 Minneapolis, MN 55416
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ 0
 - 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ 0
 - 24.103 Total payable for securities lending reported on the liability page. \$ 0
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [] No[X]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ 0
 - 25.22 Subject to reverse repurchase agreements \$ 0
 - 25.23 Subject to dollar repurchase agreements \$ 0
 - 25.24 Subject to reverse dollar repurchase agreements \$ 0
 - 25.25 Placed under option agreements \$ 0
 - 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock \$ 0
 - 25.27 FHLB Capital Stock \$ 0
 - 25.28 On deposit with states \$ 0
 - 25.29 On deposit with other regulatory bodies \$ 0
 - 25.30 Pledged as collateral - excluding collateral pledged to an FHLB \$ 0
 - 25.31 Pledged as collateral to FHLB - including assets backing funding agreements \$ 0
 - 25.32 Other \$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No[X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A[X]
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

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

1 Name of Custodian(s)	2 Custodian's Address
Arvest Asset Management	200 Commerce Dr. Ste. 100, Little Rock, AR

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

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

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No[X]
- 28.04 If yes, give full and complete information relating thereto:

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

28.05 Identify all investment advisors, 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 Number(s)	2 Name	3 Address
	Dennis Whitaker	200 Commerce Dr. Ste. 100, Little Rock, AR

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

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

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

GENERAL INTERROGATORIES (Continued)

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	100,912	100,574	(338)
30.2 Preferred stocks			
30.3 Totals	100,912	100,574	(338)

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

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[] No[X] N/A[]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]
- 32.2 If no, list exceptions:

OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 0
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

- 34.1 Amount of payments for legal expenses, if any? \$..... 0
- 34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 0
- 35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes[X] No []
- 1.2 If yes, indicate premium earned on U.S. business only: \$ 498,174
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 417,262
- 1.6 Individual policies - Most current three years:
- 1.61 TOTAL Premium earned \$ 498,174
- 1.62 TOTAL Incurred claims \$ 417,262
- 1.63 Number of covered lives 491
- All years prior to most current three years:
- 1.64 TOTAL Premium earned \$ 0
- 1.65 TOTAL Incurred claims \$ 0
- 1.66 Number of covered lives 0
- 1.7 Group policies - Most current three years:
- 1.71 TOTAL Premium earned \$ 0
- 1.72 TOTAL Incurred claims \$ 0
- 1.73 Number of covered lives 0
- All years prior to most current three years:
- 1.74 TOTAL Premium earned \$ 0
- 1.75 TOTAL Incurred claims \$ 0
- 1.76 Number of covered lives 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	5,920,480	5,977,504
2.2 Premium Denominator	6,051,417	6,106,778
2.3 Premium Ratio (2.1 / 2.2)	0.978	0.979
2.4 Reserve Numerator	971,201	570,584
2.5 Reserve Denominator	971,201	570,584
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes[X] No []
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [] N/A[X]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No []
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ 1,180,000
- 5.32 Medical Only \$ 0
- 5.33 Medicare Supplement \$ 0
- 5.34 Dental & Vision \$ 0
- 5.35 Other Limited Benefit Plan \$ 0
- 5.36 Other \$ 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes[X] No []
- 7.2 If no, give details:
- 8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 13,168
- 8.2 Number of providers at end of reporting year 0
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months 0
- 9.22 Business with rate guarantees over 36 months 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [] No[X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 0
- 10.22 Amount actually paid for year bonuses \$ 0
- 10.23 Maximum amount payable withholds \$ 0
- 10.24 Amount actually paid for year withholds \$ 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [] No[X]
- 11.13 An Individual Practice Association (IPA), or, Yes [] No[X]
- 11.14 A Mixed Model (combination of above)? Yes [] No[X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes[X] No []
- 11.3 If yes, show the name of the state requiring such net worth. Yes[X] No []
- Arkansas
- 11.4 If yes, show the amount required. \$ 769,894
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No[X]
- 11.6 If the amount is calculated, show the calculation.
- Net worth requirement is based on RBC calculation included in report
- 12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
entire state of Arkansas, 75 counties

- 13.1 Do you act as a custodian for health savings accounts? Yes [] No[X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date: \$ 0
- 13.3 Do you act as an administrator for health savings accounts? Yes [] No[X]
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date: \$ 0
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers? Yes [] No [] N/A[X]
- 14.2 If the answer to 14.1 is yes, please provide the following:

GENERAL INTERROGATORIES (Continued)

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)

15.1 Direct Premium Written	\$	0
15.2 Total incurred claims	\$	0
15.2 Number of covered lives		0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2014	2 2013	3 2012	4 2011	5 2010
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	7,484,480	2,406,132	2,485,786	2,687,008	1,687,873
2. TOTAL Liabilities (Page 3, Line 24)	1,202,086	702,239	775,153	840,800	7,265
3. Statutory surplus	769,894	754,248	635,892	722,147	2,667
4. TOTAL Capital and Surplus (Page 3, Line 33)	6,282,394	1,703,893	1,710,633	1,846,208	1,680,608
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	6,067,435	6,123,222	5,939,017	4,689,515	656
6. TOTAL Medical and Hospital Expenses (Line 18)	5,726,864	5,100,797	5,531,722	3,836,145	
7. Claims adjustment expenses (Line 20)	269,980	206,113	55,710	82,059	
8. TOTAL Administrative Expenses (Line 21)	986,373	882,813	432,153	588,715	4,221
9. Net underwriting gain (loss) (Line 24)	(915,782)	(16,440)	(130,629)	182,596	(3,565)
10. Net investment gain (loss) (Line 27)	4,568	3,464	2,153	3,851	7,855
11. TOTAL Other Income (Lines 28 plus 29)					(1)
12. Net income or (loss) (Line 32)	(911,214)	(12,976)	(128,476)	171,797	4,289
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(610,581)	812	(261,369)	926,650	10,934
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	6,282,394	1,703,892	1,710,633	1,846,208	
15. Authorized control level risk-based capital	769,894	754,248	635,892	722,147	
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	2,333	2,037	1,990	2,106	
17. TOTAL Members Months (Column 6, Line 7)	25,884	22,838	22,353	17,546	
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	94.6	83.5	93.4	82.0	
20. Cost containment expenses	3.1	2.4	0.2	0.9	
21. Other claims adjustment expenses	1.4	1.0	0.8	0.9	
22. TOTAL Underwriting Deductions (Line 23)	115.4	100.5	102.5	96.4	643.4
23. TOTAL Underwriting Gain (Loss) (Line 24)	(15.1)	(0.3)	(2.2)	3.9	(543.4)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	491,092	107,368	303,962		
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	559,299	511,199	695,737		
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					
33. TOTAL Investment in Parent Included in Lines 26 to 31 above					

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

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	L	6,512,402				777,848	7,290,250		
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X	6,512,402				777,848	7,290,250		
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) ... 1	6,512,402				777,848	7,290,250		
DETAILS OF WRITE-INS									
58001	X X X								
58002	X X X								
58003	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

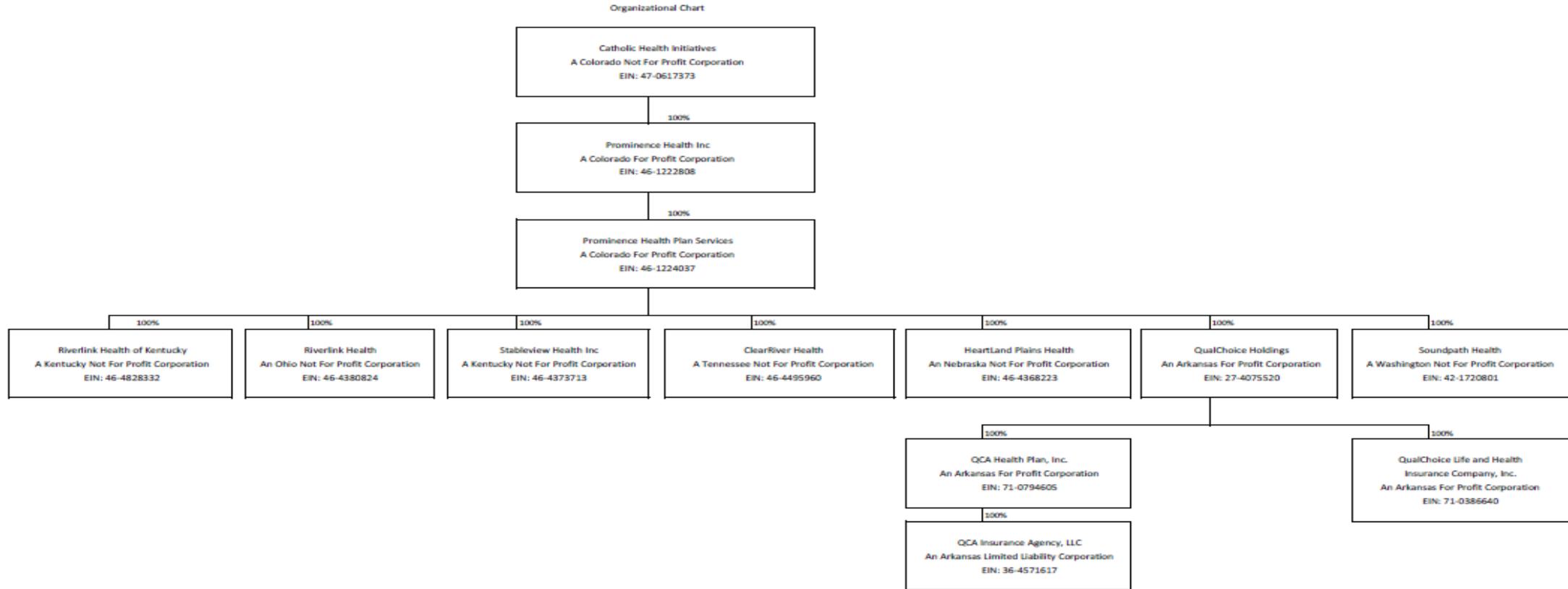
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



INDEX TO HEALTH ANNUAL STATEMENT

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 - Enrollment By Product Type for Health Business Only	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid	18
Exhibit 3 - Health Care Receivables	19
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued	20
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus	21
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates	22
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates	23
Exhibit 7 - Part 1 - Summary of Transactions With Providers	24
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries	24
Exhibit 8 - Furniture, Equipment and Supplies Owned	25
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	30
Five-Year Historical Data	29
General Interrogatories	27
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	26
Overflow Page For Write-ins	44
Schedule A - Part 1	E01
Schedule A - Part 2	E02
Schedule A - Part 3	E03
Schedule A - Verification Between Years	SI02
Schedule B - Part 1	E04
Schedule B - Part 2	E05
Schedule B - Part 3	E06
Schedule B - Verification Between Years	SI02
Schedule BA - Part 1	E07
Schedule BA - Part 2	E08
Schedule BA - Part 3	E09
Schedule BA - Verification Between Years	SI03
Schedule D - Part 1	E10
Schedule D - Part 1A - Section 1	SI05
Schedule D - Part 1A - Section 2	SI08
Schedule D - Part 2 - Section 1	E11
Schedule D - Part 2 - Section 2	E12
Schedule D - Part 3	E13
Schedule D - Part 4	E14
Schedule D - Part 5	E15
Schedule D - Part 6 - Section 1	E16
Schedule D - Part 6 - Section 2	E16
Schedule D - Summary By Country	SI04
Schedule D - Verification Between Years	SI03
Schedule DA - Part 1	E17
Schedule DA - Verification Between Years	SI10
Schedule DB - Part A - Section 1	E18
Schedule DB - Part A - Section 2	E19
Schedule DB - Part A - Verification Between Years	SI11
Schedule DB - Part B - Section 1	E20
Schedule DB - Part B - Section 2	E21
Schedule DB - Part B - Verification Between Years	SI11
Schedule DB - Part C - Section 1	SI12
Schedule DB - Part C - Section 2	SI13
Schedule DB - Part D - Section 1	E22
Schedule DB - Part D - Section 2	E23

INDEX TO HEALTH ANNUAL STATEMENT

Schedule DB - Verification	SI14
Schedule DL - Part 1	E24
Schedule DL - Part 2	E25
Schedule E - Part 1 - Cash	E26
Schedule E - Part 2 - Cash Equivalents	E27
Schedule E - Part 3 - Special Deposits	E28
Schedule E - Verification Between Years	SI15
Schedule S - Part 1 - Section 2	31
Schedule S - Part 2	32
Schedule S - Part 3 - Section 2	33
Schedule S - Part 4	34
Schedule S - Part 5	35
Schedule S - Part 6	36
Schedule S - Part 7	37
Schedule T - Part 2 - Interstate Compact	39
Schedule T - Premiums and Other Considerations	38
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14