



# ANNUAL STATEMENT

For the Year Ended December 31, 2016  
of the Condition and Affairs of the

## Constellation Health, LLC

NAIC Group Code..... 0, 0 (Current Period) (Prior Period)  
 Organized under the Laws of PR State of Domicile or Port of Entry PR Country of Domicile PR  
 Licensed as Business Type..... Medicare Advantage Organization Is HMO Federally Qualified? Yes [ ] No [X]  
 Incorporated/Organized..... November 8, 2011 Commenced Business..... January 1, 2014  
 Statutory Home Office 1064 Ponce de Leon Avenue Suite 500..... San Juan ..... PR ..... USA .... 00907  
 (Street and Number) (City or Town, State, Country and Zip Code)  
 Main Administrative Office 1064 Ponce de Leon Avenue Suite 500..... San Juan ..... PR ..... USA .... 00907 787-304-4041  
 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)  
 Mail Address PO BOX 364547..... San Juan ..... PR ..... USA .... 00936-4547  
 (Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)  
 Primary Location of Books and Records 1064 Ponce de Leon Avenue Suite 500..... San Juan ..... PR ..... USA .... 00907 787-304-4041  
 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)  
 Internet Web Site Address www.constellationhealthpr.com  
 Statutory Statement Contact Marisol Piquer Merino, CPA 787-304-4041  
 (Name) (Area Code) (Telephone Number) (Extension)  
 mpiquer@constellationhealth.com (E-Mail Address) (Fax Number)

### OFFICERS

| Name                              | Title               | Name                          | Title                           |
|-----------------------------------|---------------------|-------------------------------|---------------------------------|
| 1. Ivan E Colón Pérez, MHSA,FACHE | President & CEO     | 2. Marisol Piquer Merino, CPA | Finance Director                |
| 3. Erika L Ramos Jimenez          | Compliance Officer  | 4. Nilma E Ramirez Nieto      | Planning & Development Director |
| Roxanna K Rosario Serrano         | Operations Director |                               |                                 |

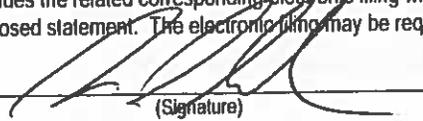
### OTHER

RECIBIDO OFICINA  
 COMISIONADO DE SEGUROS  
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### DIRECTORS OR TRUSTEES

State of.....  
County of.....

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

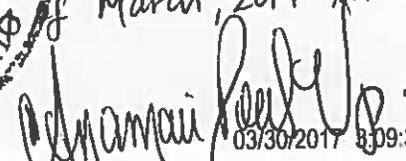
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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| <br>(Signature)<br>Ivan E Colón Pérez, MHSA,FACHE<br>1. (Printed Name)<br>President & CEO<br>(Title) | <br>(Signature)<br>Marisol Piquer Merino, CPA<br>2. (Printed Name)<br>Finance Director<br>(Title) | _____<br>(Signature)<br>_____<br>3. (Printed Name)<br>_____<br>(Title) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|

Subscribed and sworn to before me  
 This 31st day of March 2017

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 \_\_\_\_\_

Affidavit No -513-

Sworn and subscribed before me  Juan E. Colón Pérez and Marisol Piquer Merino, both of legal age, residents of San Juan, Puerto Rico, respectively, whom I know personally, on this 31st day of March, 2017 in San Juan, Puerto Rico.

  
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**ASSETS**

|                                                                                                                                             | Current Year |                            |                                             | Prior Year                  |
|---------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------|---------------------------------------------|-----------------------------|
|                                                                                                                                             | 1<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols 1 - 2) | 4<br>Net<br>Admitted Assets |
| 1 Bonds (Schedule D):                                                                                                                       |              |                            | 0                                           |                             |
| 2 Stocks (Schedule D):                                                                                                                      |              |                            |                                             |                             |
| 2.1 Preferred stocks                                                                                                                        |              |                            | 0                                           |                             |
| 2.2 Common stocks                                                                                                                           |              |                            | 0                                           |                             |
| 3 Mortgage loans on real estate (Schedule B):                                                                                               |              |                            |                                             |                             |
| 3.1 First liens                                                                                                                             |              |                            | 0                                           |                             |
| 3.2 Other than first liens                                                                                                                  |              |                            | 0                                           |                             |
| 4 Real estate (Schedule A):                                                                                                                 |              |                            |                                             |                             |
| 4.1 Properties occupied by the company (less \$ 0 encumbrances)                                                                             |              |                            | 0                                           |                             |
| 4.2 Properties held for the production of income (less \$ 0 encumbrances)                                                                   |              |                            | 0                                           |                             |
| 4.3 Properties held for sale (less \$ 0 encumbrances)                                                                                       |              |                            | 0                                           |                             |
| 5 Cash (\$ 949,682, Schedule E-Part 1), cash equivalents (\$ 0, Schedule E-Part 2) and short-term investments (\$ 0, Schedule DA)           | 949,682      |                            | 949,682                                     | 909,868                     |
| 6 Contract loans (including \$ 0 premium notes)                                                                                             |              |                            | 0                                           |                             |
| 7 Derivatives (Schedule DB)                                                                                                                 |              |                            | 0                                           |                             |
| 8 Other invested assets (Schedule BA)                                                                                                       |              |                            | 0                                           |                             |
| 9 Receivables for securities                                                                                                                |              |                            | 0                                           |                             |
| 10 Securities lending reinvested collateral assets (Schedule DL)                                                                            |              |                            | 0                                           |                             |
| 11 Aggregate write-ins for invested assets                                                                                                  | 0            | 0                          | 0                                           | 0                           |
| 12 Subtotals, cash and invested assets (Lines 1 to 11)                                                                                      | 949,682      | 0                          | 949,682                                     | 909,868                     |
| 13 Title plants less \$ 0 charged off (for Title insurers only)                                                                             |              |                            | 0                                           |                             |
| 14 Investment income due and accrued                                                                                                        |              |                            | 0                                           |                             |
| 15 Premiums and considerations:                                                                                                             |              |                            |                                             |                             |
| 15.1 Uncollected premiums and agents' balances in the course of collection                                                                  | 4,159,190    | 100,000                    | 4,059,190                                   | 1,793,263                   |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums) |              |                            | 0                                           |                             |
| 15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)                                                  | 667,301      |                            | 667,301                                     |                             |
| 16 Reinsurance:                                                                                                                             |              |                            |                                             |                             |
| 16.1 Amounts recoverable from reinsurers                                                                                                    |              |                            | 0                                           |                             |
| 16.2 Funds held by or deposited with reinsured companies                                                                                    |              |                            | 0                                           |                             |
| 16.3 Other amounts receivable under reinsurance contracts                                                                                   |              |                            | 0                                           |                             |
| 17 Amounts receivable relating to uninsured plans                                                                                           | 8,324,938    |                            | 8,324,938                                   |                             |
| 18.1 Current federal and foreign income tax recoverable and interest thereon                                                                |              |                            | 0                                           |                             |
| 18.2 Net deferred tax asset                                                                                                                 |              |                            | 0                                           |                             |
| 19 Guaranty funds receivable or on deposit                                                                                                  |              |                            | 0                                           |                             |
| 20 Electronic data processing equipment and software                                                                                        | 897          | 897                        | 0                                           |                             |
| 21 Furniture and equipment, including health care delivery assets (\$ 0)                                                                    |              |                            | 0                                           |                             |
| 22 Net adjustment in assets and liabilities due to foreign exchange rates                                                                   |              |                            | 0                                           |                             |
| 23 Receivables from parent, subsidiaries and affiliates                                                                                     |              |                            | 0                                           |                             |
| 24 Health care (\$ 0) and other amounts receivable                                                                                          | 11,412,263   |                            | 11,412,263                                  | 1,977,155                   |
| 25 Aggregate write-ins for other than invested assets                                                                                       | 229,035      | 229,035                    | 0                                           | 0                           |
| 26 Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)                               | 25,743,306   | 329,932                    | 25,413,374                                  | 4,680,286                   |
| 27 From Separate Accounts, Segregated Accounts and Protected Cell Accounts                                                                  |              |                            | 0                                           |                             |
| 28 TOTAL (Lines 26 and 27)                                                                                                                  | 25,743,306   | 329,932                    | 25,413,374                                  | 4,680,286                   |
| <b>DETAILS OF WRITE-INS</b>                                                                                                                 |              |                            |                                             |                             |
| 1101 Insurance Commissioner Statutory Certificate of Deposit                                                                                |              |                            | 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 through 1103 plus 1198) (Line 11 above)                                                                             | 0            | 0                          | 0                                           | 0                           |
| 2501 Rent Deposit                                                                                                                           | 25,000       | 25,000                     | 0                                           |                             |
| 2502 Other Prepays/Deposits                                                                                                                 | 204,035      | 204,035                    | 0                                           |                             |
| 2503                                                                                                                                        |              |                            | 0                                           |                             |
| 2598 Summary of remaining write-ins for Line 25 from overflow page                                                                          | 0            | 0                          | 0                                           | 0                           |
| 2599 Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)                                                                             | 229,035      | 229,035                    | 0                                           | 0                           |

**LIABILITIES, CAPITAL AND SURPLUS**

|                                                                                                                                         | Current Period |                |              | Prior Year   |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|--------------|--------------|
|                                                                                                                                         | 1<br>Covered   | 2<br>Uncovered | 3<br>Total   | 4<br>Total   |
| 1. Claims unpaid (less \$ 0 reinsurance ceded)                                                                                          | 31,434,251     |                | 31,434,251   | 11,576,327   |
| 2. Accrued medical incentive pool and bonus amounts                                                                                     |                |                | 0            |              |
| 3. Unpaid claims adjustment expenses                                                                                                    | 845,698        |                | 845,698      | 261,856      |
| 4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Service Act    |                |                | 0            |              |
| 5. Aggregate life policy reserves                                                                                                       |                |                | 0            |              |
| 6. Property/casualty unearned premium reserves                                                                                          |                |                | 0            |              |
| 7. Aggregate health claim reserves                                                                                                      |                |                | 0            |              |
| 8. Premiums received in advance                                                                                                         |                |                | 0            |              |
| 9. General expenses due or accrued                                                                                                      | 2,949,603      |                | 2,949,603    | 1,668,875    |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized capital gains (losses))            |                |                | 0            |              |
| 10.2 Net deferred tax liability                                                                                                         |                |                | 0            |              |
| 11. Ceded reinsurance premiums payable                                                                                                  |                |                | 0            |              |
| 12. Amounts withheld or retained for the account of others                                                                              |                |                | 0            |              |
| 13. Remittances and items not allocated                                                                                                 |                |                | 0            |              |
| 14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)                                          |                |                | 0            |              |
| 15. Amounts due to parent, subsidiaries and affiliates                                                                                  |                |                | 0            |              |
| 16. Derivatives                                                                                                                         |                |                | 0            |              |
| 17. Payable for securities                                                                                                              |                |                | 0            |              |
| 18. Payable for securities lending                                                                                                      |                |                | 0            |              |
| 19. Funds held under reinsurance treaties with (\$ 0 authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers) |                |                | 0            |              |
| 20. Reinsurance in unauthorized and certified (\$ 0) companies                                                                          |                |                | 0            |              |
| 21. Net adjustments in assets and liabilities due to foreign exchange rates                                                             |                |                | 0            |              |
| 22. Liability for amounts held under uninsured plans                                                                                    |                |                | 0            |              |
| 23. Aggregate write-ins for other liabilities (including \$ 0 current)                                                                  | 600,000        | 0              | 600,000      | 600,000      |
| 24. Total liabilities (Lines 1 to 23)                                                                                                   | 35,829,552     | 0              | 35,829,552   | 14,107,058   |
| 25. Aggregate write-ins for special surplus funds                                                                                       | XXX            | XXX            | 0            | 0            |
| 26. Common capital stock                                                                                                                | XXX            | XXX            |              |              |
| 27. Preferred capital stock                                                                                                             | XXX            | XXX            |              |              |
| 28. Gross paid in and contributed surplus                                                                                               | XXX            | XXX            | 21,302,056   | 21,152,056   |
| 29. Surplus notes                                                                                                                       | XXX            | XXX            |              |              |
| 30. Aggregate write-ins for other-than-special surplus funds                                                                            | XXX            | XXX            | 0            | 0            |
| 31. Unassigned funds (surplus)                                                                                                          | XXX            | XXX            | (31,718,234) | (30,578,828) |
| 32. Less treasury stock at cost:                                                                                                        |                |                |              |              |
| 32.1 0,000 shares common (value included in Line 26 \$ 0)                                                                               | XXX            | XXX            |              |              |
| 32.2 0,000 shares preferred (value included in Line 27 \$ 0)                                                                            | XXX            | XXX            |              |              |
| 33. Total capital and surplus (Lines 25 to 31 minus Line 32)                                                                            | XXX            | XXX            | (10,416,178) | (9,426,772)  |
| 34. Total liabilities, capital and surplus (Lines 24 and 33)                                                                            | XXX            | XXX            | 25,413,374   | 4,680,286    |

**DETAILS OF WRITE-INS**

|                                                                    |         |     |         |         |
|--------------------------------------------------------------------|---------|-----|---------|---------|
| 2301 Statutory Deposit                                             | 600,000 |     | 600,000 | 600,000 |
| 2302                                                               |         |     | 0       |         |
| 2303                                                               |         |     | 0       |         |
| 2398 Summary of remaining write-ins for Line 23 from overflow page | 0       | 0   | 0       | 0       |
| 2399 Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)    | 600,000 | 0   | 600,000 | 600,000 |
| 2501                                                               | XXX     | XXX |         |         |
| 2502                                                               | XXX     | XXX |         |         |
| 2503                                                               | XXX     | XXX |         |         |
| 2598 Summary of remaining write-ins for Line 25 from overflow page | XXX     | XXX | 0       | 0       |
| 2599 Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)    | XXX     | XXX | 0       | 0       |
| 3001                                                               | XXX     | XXX |         |         |
| 3002                                                               | XXX     | XXX |         |         |
| 3003                                                               | XXX     | XXX |         |         |
| 3098 Summary of remaining write-ins for Line 30 from overflow page | XXX     | XXX | 0       | 0       |
| 3099 Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)    | XXX     | XXX | 0       | 0       |

**STATEMENT OF REVENUE AND EXPENSES**

|                                                                                                                                 | Current Year   |             | Prior Year   |
|---------------------------------------------------------------------------------------------------------------------------------|----------------|-------------|--------------|
|                                                                                                                                 | 1<br>Uncovered | 2<br>Total  | 3<br>Total   |
| 1. Member months                                                                                                                | XXX            | 207,194     | 86,915       |
| 2. Net premium income (including \$.....0 non-health premium income)                                                            | XXX            | 169,754,902 | 74,082,741   |
| 3. Change in unearned premium reserves and reserve for rate credits                                                             | XXX            |             |              |
| 4. Fee-for-service (net of \$.....0 medical expenses)                                                                           | XXX            |             |              |
| 5. Risk revenue                                                                                                                 | XXX            |             |              |
| 6. Aggregate write-ins for other health care related revenues                                                                   | XXX            | 0           | 0            |
| 7. Aggregate write-ins for other non-health revenues                                                                            | XXX            | 0           | 0            |
| 8. Total revenues (Lines 2 to 7)                                                                                                | XXX            | 169,754,902 | 74,082,741   |
| <b>Hospital and Medical:</b>                                                                                                    |                |             |              |
| 9. Hospital/medical benefits                                                                                                    |                | 74,918,445  | 40,638,079   |
| 10. Other professional services                                                                                                 |                | 17,647,519  | 9,116,243    |
| 11. Outside referrals                                                                                                           |                |             |              |
| 12. Emergency room and out-of-area                                                                                              |                | 3,714,890   | 1,981,176    |
| 13. Prescription drugs                                                                                                          |                | 55,649,988  | 22,774,924   |
| 14. Aggregate write-ins for other hospital and medical                                                                          | 0              | 0           | 0            |
| 15. Incentive pool, withhold adjustments and bonus amounts                                                                      |                |             |              |
| 16. Subtotal (Lines 9 to 15)                                                                                                    | 0              | 151,930,840 | 74,510,422   |
| <b>Less:</b>                                                                                                                    |                |             |              |
| 17. Net reinsurance recoveries                                                                                                  |                |             |              |
| 18. Total hospital and medical (Lines 16 minus 17)                                                                              | 0              | 151,930,840 | 74,510,422   |
| 19. Non-health claims (net)                                                                                                     |                |             |              |
| 20. Claims adjustment expenses, including \$.....0 cost containment expenses                                                    |                | 737,631     | 141,505      |
| 21. General administrative expenses                                                                                             |                | 17,471,148  | 14,233,992   |
| 22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only       |                |             |              |
| 23. Total underwriting deductions (Lines 18 through 22)                                                                         | 0              | 170,139,619 | 88,885,919   |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23)                                                                          | XXX            | (384,717)   | (14,803,178) |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17)                                                    |                | (127,975)   | (306,006)    |
| 26. Net realized capital gains or (losses) less capital gains tax of \$.....0                                                   |                |             |              |
| 27. Net investment gains or (losses) (Lines 25 plus 26)                                                                         | 0              | (127,975)   | (306,006)    |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] |                |             |              |
| 29. Aggregate write-ins for other income or expenses                                                                            | 0              | 0           | 0            |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)   | XXX            | (512,692)   | (15,109,184) |
| 31. Federal and foreign income taxes incurred                                                                                   | XXX            | 651,966     |              |
| 32. Net income (loss) (Lines 30 minus 31)                                                                                       | XXX            | (1,164,658) | (15,109,184) |

**DETAILS OF WRITE-INS**

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

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

| CAPITAL AND SURPLUS ACCOUNT                                                                 | 1<br>Current Year | 2<br>Prior Year |
|---------------------------------------------------------------------------------------------|-------------------|-----------------|
| 33. Capital and surplus prior reporting period.....                                         | (9,426,772)       | (8,642,883)     |
| 34. Net income or (loss) from Line 32.....                                                  | (1,164,658)       | (15,109,184)    |
| 35. Change in valuation basis of aggregate policy and claim reserves.....                   |                   |                 |
| 36. Change in net unrealized capital gains and (losses) less capital gains tax of \$ 0..... |                   |                 |
| 37. Change in net unrealized foreign exchange capital gain or (loss).....                   |                   |                 |
| 38. Change in net deferred income tax.....                                                  |                   |                 |
| 39. Change in nonadmitted assets.....                                                       | 25,252            | 402,295         |
| 40. Change in unauthorized and certified reinsurance.....                                   |                   |                 |
| 41. Change in treasury stock.....                                                           |                   |                 |
| 42. Change in surplus notes.....                                                            |                   |                 |
| 43. Cumulative effect of changes in accounting principles.....                              |                   |                 |
| 44. Capital changes:                                                                        |                   |                 |
| 44.1 Paid in.....                                                                           | 150,000           | 13,923,000      |
| 44.2 Transferred from surplus (Stock Dividend).....                                         |                   |                 |
| 44.3 Transferred to surplus.....                                                            |                   |                 |
| 45. Surplus adjustments:                                                                    |                   |                 |
| 45.1 Paid in.....                                                                           |                   |                 |
| 45.2 Transferred to capital (Stock Dividend).....                                           |                   |                 |
| 45.3 Transferred from capital.....                                                          |                   |                 |
| 46. Dividends to stockholders.....                                                          |                   |                 |
| 47. Aggregate write-ins for gains or (losses) in surplus.....                               | 0                 | 0               |
| 48. Net change in capital and surplus (Lines 34 to 47).....                                 | (989,406)         | (783,889)       |
| 49. Capital and surplus end of reporting period (Line 33 plus 48).....                      | (10,416,178)      | (9,426,772)     |

**DETAILS OF WRITE-INS**

|                                                                          |   |   |
|--------------------------------------------------------------------------|---|---|
| 4701.....                                                                |   |   |
| 4702.....                                                                |   |   |
| 4703.....                                                                |   |   |
| 4798. Summary of remaining write-ins for Line 47 from overflow page..... | 0 | 0 |
| 4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above).....    | 0 | 0 |

**CASH FLOW**

|                                                                                                           | 1<br>Current Year | 2<br>Prior Year |
|-----------------------------------------------------------------------------------------------------------|-------------------|-----------------|
| <b>CASH FROM OPERATIONS</b>                                                                               |                   |                 |
| 1. Premiums collected net of reinsurance                                                                  | 158,396,731       | 73,013,581      |
| 2. Net investment income                                                                                  | 5,737             | (106,006)       |
| 3. Miscellaneous income                                                                                   |                   |                 |
| 4. Total (Lines 1 through 3)                                                                              | 158,402,468       | 72,907,575      |
| 5. Benefit and loss related payments                                                                      | 141,975,645       | 67,797,510      |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts                    |                   |                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions                                      | 17,760,059        | 15,284,271      |
| 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)                                                                             | 159,735,704       | 83,081,781      |
| 11. Net cash from operations (Line 4 minus Line 10)                                                       | (1,333,236)       | (10,174,206)    |
| <b>CASH FROM INVESTMENTS</b>                                                                              |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:                                                    |                   |                 |
| 12.1 Bonds                                                                                                |                   |                 |
| 12.2 Stocks                                                                                               |                   |                 |
| 12.3 Mortgage loans                                                                                       |                   |                 |
| 12.4 Real estate                                                                                          |                   |                 |
| 12.5 Other invested assets                                                                                |                   |                 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments                           |                   |                 |
| 12.7 Miscellaneous proceeds                                                                               |                   |                 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7)                                                       | 0                 | 0               |
| 13. Cost of investments acquired (long-term only):                                                        |                   |                 |
| 13.1 Bonds                                                                                                |                   |                 |
| 13.2 Stocks                                                                                               |                   |                 |
| 13.3 Mortgage loans                                                                                       |                   |                 |
| 13.4 Real estate                                                                                          |                   |                 |
| 13.5 Other invested assets                                                                                |                   |                 |
| 13.6 Miscellaneous applications                                                                           |                   | 4,288           |
| 13.7 Total investments acquired (Lines 13.1 to 13.6)                                                      | 0                 | 4,288           |
| 14. Net increase (decrease) in contract loans and premium notes                                           |                   |                 |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)                                  | 0                 | (4,288)         |
| <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                                                     | 1,373,050         | 13,923,000      |
| 16.3 Borrowed funds                                                                                       |                   | (2,500,000)     |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities                               |                   |                 |
| 16.5 Dividends to stockholders                                                                            |                   |                 |
| 16.6 Other cash provided (applied)                                                                        |                   | 1,015,766       |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | 1,373,050         | 12,438,766      |
| <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 Lines 15 and 17)       | 39,814            | 2,260,272       |
| 19. Cash, cash equivalents and short-term investments:                                                    |                   |                 |
| 19.1 Beginning of year                                                                                    | 909,868           | (1,350,404)     |
| 19.2 End of year (Line 18 plus Line 19.1)                                                                 | 949,682           | 909,868         |

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

|         |  |  |
|---------|--|--|
| 20,000! |  |  |
|---------|--|--|



Statement as of December 31, 2016 of the **Constellation Health, LLC**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS**

|                                           | 1               | 2                   | 3                 | 4                                    |
|-------------------------------------------|-----------------|---------------------|-------------------|--------------------------------------|
| Line of Business                          | Direct Business | Reinsurance Assumed | Reinsurance Ceded | Net Premium Income (Cols. 1 + 2 - 3) |
| 1. Comprehensive (hospital and medical)   |                 |                     |                   | 0                                    |
| 2. Medicare supplement                    |                 |                     |                   | 0                                    |
| 3. Dental only                            |                 |                     |                   | 0                                    |
| 4. Vision only                            |                 |                     |                   | 0                                    |
| 5. Federal employees health benefits plan |                 |                     |                   | 0                                    |
| 6. Title XVII - Medicare                  | 169,555,502     |                     |                   | 169,555,502                          |
| 7. Title XIX - Medicaid                   |                 |                     |                   | 0                                    |
| 8. Other health                           |                 |                     |                   | 0                                    |
| 9. Health subtotal (Lines 1 through 8)    | 169,555,502     | 0                   |                   | 169,555,502                          |
| 10. Life                                  |                 |                     |                   | 0                                    |
| 11. Property/casualty                     |                 |                     |                   | 0                                    |
| 12. Totals (Lines 9 to 11)                | 169,555,502     | 0                   |                   | 169,555,502                          |

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2 - CLAIMS INCURRED DURING THE YEAR**

|                                                                         | 1           | 2                                          | 3                      | 4              | 5              | 6                                               | 7                          | 8                        | 9               | 10                  |
|-------------------------------------------------------------------------|-------------|--------------------------------------------|------------------------|----------------|----------------|-------------------------------------------------|----------------------------|--------------------------|-----------------|---------------------|
|                                                                         | Total       | Comprehensive<br>(Hospital<br>and Medical) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefits Plan | Title<br>XVIII<br>Medicare | Title<br>XIX<br>Medicaid | Other<br>Health | Other<br>Non-Health |
| <b>1. Payments during the year:</b>                                     |             |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 1.1 Direct                                                              | 132,072,916 |                                            |                        |                |                |                                                 | 132,072,916                |                          |                 |                     |
| 1.2 Reinsurance assumed                                                 | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 1.3 Reinsurance ceded                                                   | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 1.4 Net                                                                 | 132,072,916 | 0                                          | 0                      | 0              | 0              | 0                                               | 132,072,916                | 0                        | 0               | 0                   |
| <b>2. Paid medical incentive pools and bonuses:</b>                     |             |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 3. Claim liability December 31, current year from Part 2A:              |             |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 3.1 Direct                                                              | 31,434,251  |                                            |                        |                |                |                                                 | 31,434,251                 |                          |                 |                     |
| 3.2 Reinsurance assumed                                                 | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 3.3 Reinsurance ceded                                                   | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 3.4 Net                                                                 | 31,434,251  | 0                                          | 0                      | 0              | 0              | 0                                               | 31,434,251                 | 0                        | 0               | 0                   |
| <b>4. Claim reserve December 31, current year from Part 2D:</b>         |             |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 4.1 Direct                                                              | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 4.2 Reinsurance assumed                                                 | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 4.3 Reinsurance ceded                                                   | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 4.4 Net                                                                 | 0           | 0                                          | 0                      | 0              | 0              | 0                                               | 0                          | 0                        | 0               | 0                   |
| <b>5. Accrued medical incentive pools and bonuses, current year</b>     | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| <b>6. Net healthcare receivables (a)</b>                                | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| <b>7. Amounts recoverable from reinsurers December 31, current year</b> | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| <b>B. Claim liability December 31, prior year from Part 2A:</b>         |             |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 8.1 Direct                                                              | 11,576,327  |                                            |                        |                |                |                                                 | 11,576,327                 |                          |                 |                     |
| 8.2 Reinsurance assumed                                                 | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 8.3 Reinsurance ceded                                                   | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 8.4 Net                                                                 | 11,576,327  | 0                                          | 0                      | 0              | 0              | 0                                               | 11,576,327                 | 0                        | 0               | 0                   |
| <b>9. Claim reserve December 31, prior year from Part 2D:</b>           |             |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 9.1 Direct                                                              | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 9.2 Reinsurance assumed                                                 | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 9.3 Reinsurance ceded                                                   | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 9.4 Net                                                                 | 0           | 0                                          | 0                      | 0              | 0              | 0                                               | 0                          | 0                        | 0               | 0                   |
| <b>10. Accrued medical incentive pools and bonuses, prior year</b>      | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| <b>11. Amounts recoverable from reinsurers December 31, prior year</b>  | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| <b>12. Incurred benefits:</b>                                           |             |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| 12.1 Direct                                                             | 151,930,840 | 0                                          | 0                      | 0              | 0              | 0                                               | 151,930,840                | 0                        | 0               | 0                   |
| 12.2 Reinsurance assumed                                                | 0           | 0                                          | 0                      | 0              | 0              | 0                                               | 0                          | 0                        | 0               | 0                   |
| 12.3 Reinsurance ceded                                                  | 0           | 0                                          | 0                      | 0              | 0              | 0                                               | 0                          | 0                        | 0               | 0                   |
| 12.4 Net                                                                | 151,930,840 | 0                                          | 0                      | 0              | 0              | 0                                               | 151,930,840                | 0                        | 0               | 0                   |
| <b>13. Incurred medical incentive pools and bonuses</b>                 | 0           |                                            |                        |                |                |                                                 |                            |                          |                 |                     |
| (a) Excludes \$ 0 loans or advances to providers not yet expensed.      |             |                                            |                        |                |                |                                                 |                            |                          |                 |                     |

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

|                                                             | 1          | 2                                          | 3                      | 4              | 5              | 6                                               | 7                         | 8                        | 9               | 10                  |
|-------------------------------------------------------------|------------|--------------------------------------------|------------------------|----------------|----------------|-------------------------------------------------|---------------------------|--------------------------|-----------------|---------------------|
|                                                             | Total      | Comprehensive<br>(Medical<br>and Hospital) | Medicare<br>Supplement | Dental<br>Only | Vision<br>Only | Federal<br>Employees<br>Health<br>Benefits Plan | Title<br>XVII<br>Medicare | Title<br>XIX<br>Medicaid | Other<br>Health | Other<br>Non-Health |
| <b>1. Reported in process of adjustment:</b>                |            |                                            |                        |                |                |                                                 |                           |                          |                 |                     |
| 1.1 Direct                                                  | 0          |                                            |                        |                |                |                                                 |                           |                          |                 |                     |
| 1.2 Reinsurance assumed                                     | 0          |                                            |                        |                |                |                                                 |                           |                          |                 |                     |
| 1.3 Reinsurance ceded                                       | 0          |                                            |                        |                |                |                                                 |                           |                          |                 |                     |
| 1.4 Net                                                     | 0          | 0                                          | 0                      | 0              | 0              | 0                                               | 0                         | 0                        | 0               | 0                   |
| <b>2. Incurred but unreported:</b>                          |            |                                            |                        |                |                |                                                 |                           |                          |                 |                     |
| 2.1 Direct                                                  | 31,434,251 |                                            |                        |                |                |                                                 | 31,434,251                |                          |                 |                     |
| 2.2 Reinsurance assumed                                     | 0          |                                            |                        |                |                |                                                 |                           |                          |                 |                     |
| 2.3 Reinsurance ceded                                       | 0          |                                            |                        |                |                |                                                 |                           |                          |                 |                     |
| 2.4 Net                                                     | 31,434,251 | 0                                          | 0                      | 0              | 0              | 0                                               | 31,434,251                | 0                        | 0               | 0                   |
| <b>3. Amounts withheld from paid claims and capitations</b> |            |                                            |                        |                |                |                                                 |                           |                          |                 |                     |
| 3.1 Direct                                                  | 0          |                                            |                        |                |                |                                                 |                           |                          |                 |                     |
| 3.2 Reinsurance assumed                                     | 0          |                                            |                        |                |                |                                                 |                           |                          |                 |                     |
| 3.3 Reinsurance ceded                                       | 0          |                                            |                        |                |                |                                                 |                           |                          |                 |                     |
| 3.4 Net                                                     | 0          | 0                                          | 0                      | 0              | 0              | 0                                               | 0                         | 0                        | 0               | 0                   |
| <b>4. Totals</b>                                            |            |                                            |                        |                |                |                                                 |                           |                          |                 |                     |
| 4.1 Direct                                                  | 31,434,251 | 0                                          | 0                      | 0              | 0              | 0                                               | 31,434,251                | 0                        | 0               | 0                   |
| 4.2 Reinsurance assumed                                     | 0          | 0                                          | 0                      | 0              | 0              | 0                                               | 0                         | 0                        | 0               | 0                   |
| 4.3 Reinsurance ceded                                       | 0          | 0                                          | 0                      | 0              | 0              | 0                                               | 0                         | 0                        | 0               | 0                   |
| 4.4 Net                                                     | 31,434,251 | 0                                          | 0                      | 0              | 0              | 0                                               | 31,434,251                | 0                        | 0               | 0                   |

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

| Line of Business                              | Claims Paid                                                |                                         |                                                 |                                         |                                                     | Estimated Claim Reserve and Claim Liability December 31 of Prior Year |
|-----------------------------------------------|------------------------------------------------------------|-----------------------------------------|-------------------------------------------------|-----------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------|
|                                               | 1<br>On Claims Incurred Prior to January 1 of Current Year | 2<br>On Claims Incurred During the Year | 3<br>On Claims Unpaid December 31 of Prior Year | 4<br>On Claims Incurred During the Year | 5<br>Claims Incurred in Prior Years (Columns 1 + 3) |                                                                       |
| 1. Comprehensive (hospital and medical)       |                                                            |                                         |                                                 |                                         | 0                                                   |                                                                       |
| 2. Medicare supplement                        |                                                            |                                         |                                                 |                                         | 0                                                   |                                                                       |
| 3. Dental only                                |                                                            |                                         |                                                 |                                         | 0                                                   |                                                                       |
| 4. Vision only                                |                                                            |                                         |                                                 |                                         | 0                                                   |                                                                       |
| 5. Federal employees health benefits plan     |                                                            |                                         |                                                 |                                         | 0                                                   |                                                                       |
| 6. Title XVIII - Medicare                     | 11,867,581                                                 | 120,205,335                             | 83,297                                          | 31,350,954                              | 11,950,878                                          | 11,576,327                                                            |
| 7. Title XIX - Medicaid                       |                                                            |                                         |                                                 |                                         | 0                                                   |                                                                       |
| 8. Other health                               |                                                            |                                         |                                                 |                                         | 0                                                   |                                                                       |
| 9. Health subtotal (Lines 1 to 8)             | 11,867,581                                                 | 120,205,335                             | 83,297                                          | 31,350,954                              | 11,950,878                                          | 11,576,327                                                            |
| 10. Healthcare receivables (a)                |                                                            |                                         |                                                 |                                         | 0                                                   |                                                                       |
| 11. Other non-health                          |                                                            |                                         |                                                 |                                         | 0                                                   |                                                                       |
| 12. Medical incentive pools and bonus amounts |                                                            |                                         |                                                 |                                         | 0                                                   |                                                                       |
| 13. Totals (Lines 9 - 10 + 11 + 12)           | 11,867,581                                                 | 120,205,335                             | 83,297                                          | 31,350,954                              | 11,950,878                                          | 11,576,327                                                            |

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





Statement as of December 31, 2016 of the **Constellation Health, LLC**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims  
NONE**

**12.MS, 12.DO, 12.VO, 12.FE**

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

**SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE**

|          | Cumulative Net Amounts Paid |           |           |           |           |
|----------|-----------------------------|-----------|-----------|-----------|-----------|
|          | 1<br>2012                   | 2<br>2013 | 3<br>2014 | 4<br>2015 | 5<br>2016 |
| 1. Prior |                             |           |           |           |           |
| 2. 2012  | .XXX                        |           |           |           |           |
| 3. 2013  | .XXX                        | .XXX      |           |           |           |
| 4. 2014  | .XXX                        | .XXX      | 7,037     | 4,937     | (112)     |
| 5. 2015  | .XXX                        | .XXX      | .XXX      | 35,136    | 11,900    |
| 6. 2016  | .XXX                        | .XXX      | .XXX      | .XXX      | 120,295   |

**SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE**

|          | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Prod and Bonuses Outstanding at End of Year |           |           |           |           |
|----------|----------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|
|          | 1<br>2012                                                                                                                              | 2<br>2013 | 3<br>2014 | 4<br>2015 | 5<br>2016 |
| 1. Prior |                                                                                                                                        |           |           |           |           |
| 2. 2012  | .XXX                                                                                                                                   |           |           |           |           |
| 3. 2013  | .XXX                                                                                                                                   | .XXX      |           |           |           |
| 4. 2014  | .XXX                                                                                                                                   | .XXX      | 15,590    |           |           |
| 5. 2015  | .XXX                                                                                                                                   | .XXX      | .XXX      | 74,510    |           |
| 6. 2016  | .XXX                                                                                                                                   | .XXX      | .XXX      | .XXX      | 151,931   |

**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE**

| Years in Which Premiums were Earned and Claims were Incurred | 1<br>Premiums Earned | 2<br>Claim Payments | 3<br>Claim Adjustment Expense Payments | 4<br>Percent (Col. 3/2) | 5<br>Claim and Claim Adjustment Expense Payments (Col. 2 + 3) | 6<br>Percent (Col. 5/1) | 7<br>Claims Unpaid | 8<br>Unpaid Claim Adjustment Expenses | 9<br>Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8) | 10<br>Percent (Col. 9/1) |
|--------------------------------------------------------------|----------------------|---------------------|----------------------------------------|-------------------------|---------------------------------------------------------------|-------------------------|--------------------|---------------------------------------|---------------------------------------------------------------------------|--------------------------|
|                                                              |                      |                     |                                        |                         |                                                               |                         |                    |                                       |                                                                           |                          |
| 2. 2013                                                      |                      |                     |                                        | .00                     | .0                                                            | .00                     |                    | 0                                     | 0.0                                                                       |                          |
| 3. 2014                                                      |                      |                     |                                        | .00                     | .0                                                            | .00                     |                    | 0                                     | 0.0                                                                       |                          |
| 4. 2015                                                      |                      |                     |                                        | .00                     | .0                                                            | .00                     |                    | 0                                     | 0.0                                                                       |                          |
| 5. 2016                                                      | 169,755              | 132,073             |                                        | .00                     | 132,073                                                       | 77.8                    | 31,434             | 846                                   | 164,353                                                                   | 96.8                     |

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims  
NONE**

**Underwriting and Investment Ex. - Pt. 2D - Aggregate Reserve for A&H Contracts Only  
NONE**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - ANALYSIS OF EXPENSES**

|                                                                      | Claim Adjustment Expenses            |                                            | 3<br>General<br>Administrative<br>Expenses | 4<br>Investment<br>Expenses | 5<br>Total |
|----------------------------------------------------------------------|--------------------------------------|--------------------------------------------|--------------------------------------------|-----------------------------|------------|
|                                                                      | 1<br>Cost<br>Containment<br>Expenses | 2<br>Other Claim<br>Adjustment<br>Expenses |                                            |                             |            |
| 1. Rent (\$ 0 for occupancy of own building)                         |                                      |                                            | 386,398                                    |                             | 386,398    |
| 2. Salaries, wages and other benefits                                |                                      |                                            | 9,314,790                                  |                             | 9,314,790  |
| 3. Commissions (less \$ 0 ceded plus \$ 0 assumed)                   |                                      |                                            |                                            |                             | 0          |
| 4. Legal fees and expenses                                           |                                      |                                            | 10,624                                     |                             | 10,624     |
| 5. Certifications and accreditation fees                             |                                      |                                            |                                            |                             | 0          |
| 6. Auditing, actuarial and other consulting services                 |                                      |                                            | 1,567,220                                  |                             | 1,567,220  |
| 7. Traveling expenses                                                |                                      |                                            |                                            |                             | 0          |
| 8. Marketing and advertising                                         |                                      |                                            | 1,153,659                                  |                             | 1,153,659  |
| 9. Postage, express and telephone                                    |                                      |                                            | 148,955                                    |                             | 148,955    |
| 10. Printing and office supplies                                     |                                      |                                            | 67,520                                     |                             | 67,520     |
| 11. Occupancy, depreciation and amortization                         |                                      |                                            |                                            |                             | 0          |
| 12. Equipment                                                        |                                      |                                            |                                            |                             | 0          |
| 13. Cost or depreciation of EDP equipment and software               |                                      |                                            | 117,425                                    |                             | 117,425    |
| 14. Outsourced services including EDP, claims, and other services    |                                      | 737,631                                    | 1,467,683                                  |                             | 2,205,314  |
| 15. Boards, bureaus and association fees                             |                                      |                                            | 416                                        |                             | 416        |
| 16. Insurance, except on real estate                                 |                                      |                                            | 16,120                                     |                             | 16,120     |
| 17. Collection and bank service charges                              |                                      |                                            | 5,134                                      |                             | 5,134      |
| 18. Group service and administration fees                            |                                      |                                            |                                            |                             | 0          |
| 19. Reimbursements by uninsured plans                                |                                      |                                            |                                            |                             | 0          |
| 20. Reimbursements from fiscal intermediaries                        |                                      |                                            |                                            |                             | 0          |
| 21. Real estate expenses                                             |                                      |                                            |                                            |                             | 0          |
| 22. Real estate taxes                                                |                                      |                                            |                                            |                             | 0          |
| 23. Taxes, licenses and fees:                                        |                                      |                                            |                                            |                             | 0          |
| 23.1 State and local insurance taxes                                 |                                      |                                            |                                            |                             | 0          |
| 23.2 State premium taxes                                             |                                      |                                            |                                            |                             | 0          |
| 23.3 Regulatory authority licenses and fees                          |                                      |                                            | 59,500                                     |                             | 59,500     |
| 23.4 Payroll taxes                                                   |                                      |                                            | 797,622                                    |                             | 797,622    |
| 23.5 Other (excluding federal income and real estate taxes)          |                                      |                                            | 65,286                                     |                             | 65,286     |
| 24. Investment expenses not included elsewhere                       |                                      |                                            |                                            |                             | 0          |
| 25. Aggregate write-ins for expenses                                 | 0                                    | 0                                          | 2,292,796                                  | 0                           | 2,292,796  |
| 26. Total expenses incurred (Lines 1 to 25)                          | 0                                    | 737,631                                    | 17,471,148                                 | 0 (a)                       | 18,208,779 |
| 27. Less expenses unpaid December 31, current year                   |                                      |                                            | 2,949,603                                  |                             | 2,949,603  |
| 28. Add expenses unpaid December 31, prior year                      |                                      |                                            | 1,668,875                                  |                             | 1,668,875  |
| 29. Amounts receivable relating to uninsured plans, prior year       |                                      |                                            |                                            |                             | 0          |
| 30. Amounts receivable relating to uninsured plans, current year     |                                      |                                            |                                            |                             | 0          |
| 31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) | 0                                    | 737,631                                    | 16,190,420                                 | 0                           | 16,928,051 |

**DETAILS OF WRITE-INS**

|                                                                     |   |   |           |   |           |
|---------------------------------------------------------------------|---|---|-----------|---|-----------|
| 2501. CMS Payment Adjustments                                       |   |   | 1,422,938 |   | 1,422,938 |
| 2502. Other Administrative Expenses                                 |   |   | 869,858   |   | 869,858   |
| 2503.                                                               |   |   |           |   | 0         |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0         | 0 | 0         |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)    | 0 | 0 | 2,292,796 | 0 | 2,292,796 |

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

**EXHIBIT OF NET INVESTMENT INCOME**

|                                                                              | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|------------------------------------------------------------------------------|-------------------------------|----------------------------|
| 1. U.S. government bonds.....                                                | (a).....                      |                            |
| 1.1 Bonds exempt from U.S. tax.....                                          | (a).....                      |                            |
| 1.2 Other bonds (unaffiliated).....                                          | (a).....                      |                            |
| 1.3 Bonds of affiliates.....                                                 | (a).....                      |                            |
| 2.1 Preferred stocks (unaffiliated).....                                     | (b).....                      |                            |
| 2.11 Preferred stocks of affiliates.....                                     | (b).....                      |                            |
| 2.2 Common stocks (unaffiliated).....                                        |                               |                            |
| 2.21 Common stocks of affiliates.....                                        |                               |                            |
| 3. Mortgage loans.....                                                       | (c).....                      |                            |
| 4. Real estate.....                                                          | (d).....                      |                            |
| 5. Contract loans.....                                                       |                               |                            |
| 6. Cash, cash equivalents and short-term investments.....                    | (e)..... 5,737                | 5,391                      |
| 7. Derivative instruments.....                                               | (f).....                      |                            |
| 8. Other invested assets.....                                                |                               |                            |
| 9. Aggregate write-ins for investment income.....                            |                               | 0                          |
| 10. Total gross investment income.....                                       | 5,737                         | 5,391                      |
| 11. Investment expenses.....                                                 |                               | (g).....                   |
| 12. Investment taxes, licenses and fees, excluding federal income taxes..... |                               | (g).....                   |
| 13. Interest expense.....                                                    |                               | (h)..... 133,366           |
| 14. Depreciation on real estate and other invested assets.....               |                               | (i)..... 0                 |
| 15. Aggregate write-ins for deductions from investment income.....           |                               | 0                          |
| 16. Total deductions (Lines 11 through 15).....                              |                               | 133,366                    |
| 17. Net investment income (Line 10 minus Line 16).....                       |                               | (127,975)                  |

**DETAILS OF WRITE-INS**

|                                                                          |   |   |
|--------------------------------------------------------------------------|---|---|
| 0901.....                                                                |   |   |
| 0902.....                                                                |   |   |
| 0903.....                                                                |   |   |
| 0998. Summary of remaining write-ins for Line 9 from overflow page.....  | 0 | 0 |
| 0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....     | 0 | 0 |
| 1501.....                                                                |   |   |
| 1502.....                                                                |   |   |
| 1503.....                                                                |   |   |
| 1598. Summary of remaining write-ins for Line 15 from overflow page..... |   | 0 |
| 1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....    |   | 0 |

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

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

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

**DETAILS OF WRITE-INS**

|                                                                         |   |   |   |   |   |
|-------------------------------------------------------------------------|---|---|---|---|---|
| 0901.....                                                               |   |   | 0 |   |   |
| 0902.....                                                               |   |   | 0 |   |   |
| 0903.....                                                               |   |   | 0 |   |   |
| 0998. Summary of remaining write-ins for Line 9 from overflow page..... | 0 | 0 | 0 | 0 | 0 |
| 0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....    | 0 | 0 | 0 | 0 | 0 |

**EXHIBIT OF NONADMITTED ASSETS**

|                                                                                                                     | 1<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------|
| 1. Bonds (Schedule D)                                                                                               |                                                  |                                                | 0                                                               |
| 2. Stocks (Schedule D):                                                                                             |                                                  |                                                |                                                                 |
| 2.1 Preferred stocks                                                                                                |                                                  |                                                | 0                                                               |
| 2.2 Common stocks                                                                                                   |                                                  |                                                | 0                                                               |
| 3. Mortgage loans on real estate (Schedule B):                                                                      |                                                  |                                                |                                                                 |
| 3.1 First liens                                                                                                     |                                                  |                                                | 0                                                               |
| 3.2 Other than first liens                                                                                          |                                                  |                                                | 0                                                               |
| 4. Real estate (Schedule A):                                                                                        |                                                  |                                                |                                                                 |
| 4.1 Properties occupied by the company                                                                              |                                                  |                                                | 0                                                               |
| 4.2 Properties held for the production of income                                                                    |                                                  |                                                | 0                                                               |
| 4.3 Properties held for sale                                                                                        |                                                  |                                                | 0                                                               |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)          |                                                  |                                                | 0                                                               |
| 6. Contract loans                                                                                                   |                                                  |                                                | 0                                                               |
| 7. Derivatives (Schedule DB)                                                                                        |                                                  |                                                | 0                                                               |
| 8. Other invested assets (Schedule BA)                                                                              |                                                  |                                                | 0                                                               |
| 9. Receivables for securities                                                                                       |                                                  |                                                | 0                                                               |
| 10. Securities lending reinvested collateral assets (Schedule DL)                                                   |                                                  |                                                | 0                                                               |
| 11. Aggregate write-ins for invested assets                                                                         | 0                                                | 0                                              | 0                                                               |
| 12. Subtotals, cash and invested assets (Lines 1 to 11)                                                             | 0                                                | 0                                              | 0                                                               |
| 13. Title plants (for Title insurers only)                                                                          |                                                  |                                                | 0                                                               |
| 14. Investment income due and accrued                                                                               |                                                  |                                                | 0                                                               |
| 15. Premiums and considerations:                                                                                    |                                                  |                                                |                                                                 |
| 15.1 Uncollected premiums and agents' balances in the course of collection                                          | 100,000                                          |                                                | (100,000)                                                       |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due                       |                                                  |                                                | 0                                                               |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination                                        |                                                  |                                                | 0                                                               |
| 16. Reinsurance:                                                                                                    |                                                  |                                                |                                                                 |
| 16.1 Amounts recoverable from reinsurers                                                                            |                                                  |                                                | 0                                                               |
| 16.2 Funds held by or deposited with reinsured companies                                                            |                                                  |                                                | 0                                                               |
| 16.3 Other amounts receivable under reinsurance contracts                                                           |                                                  |                                                | 0                                                               |
| 17. Amounts receivable relating to uninsured plans                                                                  |                                                  |                                                | 0                                                               |
| 18.1 Current federal and foreign income tax recoverable and interest thereon                                        |                                                  |                                                | 0                                                               |
| 18.2 Net deferred tax asset                                                                                         |                                                  |                                                | 0                                                               |
| 19. Guaranty funds receivable or on deposit                                                                         |                                                  |                                                | 0                                                               |
| 20. Electronic data processing equipment and software                                                               | 897                                              | 118,321                                        | 117,424                                                         |
| 21. Furniture and equipment, including health care delivery assets                                                  |                                                  |                                                | 0                                                               |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates                                          |                                                  |                                                | 0                                                               |
| 23. Receivables from parent, subsidiaries and affiliates                                                            |                                                  |                                                | 0                                                               |
| 24. Health care and other amounts receivable                                                                        |                                                  |                                                | 0                                                               |
| 25. Aggregate write-ins for other-than-invested assets                                                              | 229,035                                          | 236,863                                        | 7,828                                                           |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25) | 329,932                                          | 355,184                                        | 25,252                                                          |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts                                         |                                                  |                                                | 0                                                               |
| 28. TOTALS (Lines 26 and 27)                                                                                        | 329,932                                          | 355,184                                        | 25,252                                                          |

**DETAILS OF WRITE-INS**

|                                                                     |         |         |       |
|---------------------------------------------------------------------|---------|---------|-------|
| 1101.                                                               |         |         | 0     |
| 1102.                                                               |         |         | 0     |
| 1103.                                                               |         |         | 0     |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0       | 0       | 0     |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)    | 0       | 0       | 0     |
| 2501. Rent Deposits                                                 | 25,000  | 25,000  | 0     |
| 2502. Other Prepaids/Deposits                                       | 204,035 | 211,863 | 7,828 |
| 2503.                                                               |         |         | 0     |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0       | 0       | 0     |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)    | 229,035 | 236,863 | 7,828 |

Statement as of December 31, 2016 of the **Constellation Health, LLC**

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

| Source of Enrollment                              | Total Members at End of |                       |                        |                       |                      |                                       |
|---------------------------------------------------|-------------------------|-----------------------|------------------------|-----------------------|----------------------|---------------------------------------|
|                                                   | 1<br>Prior<br>Year      | 2<br>First<br>Quarter | 3<br>Second<br>Quarter | 4<br>Third<br>Quarter | 5<br>Current<br>Year | 6<br>Current Year<br>Member<br>Months |
| 1 Health maintenance organizations                | 9,217                   | 15,953                | 16,663                 | 18,663                | 19,571               | 207,194                               |
| 2 Provider service organizations                  |                         |                       |                        |                       |                      |                                       |
| 3 Preferred provider organizations                |                         |                       |                        |                       |                      |                                       |
| 4 Point of service                                |                         |                       |                        |                       |                      |                                       |
| 5 Indemnity only                                  |                         |                       |                        |                       |                      |                                       |
| 6 Aggregate write-ins for other lines of business | 0                       | 0                     | 0                      | 0                     | 0                    | 0                                     |
| 7 Total                                           | 9,217                   | 15,953                | 16,663                 | 18,663                | 19,571               | 207,194                               |

**DETAILS OF WRITE-INS**

|                                                                     |   |   |   |   |   |   |
|---------------------------------------------------------------------|---|---|---|---|---|---|
| 0601                                                                |   |   |   |   |   |   |
| 0602                                                                |   |   |   |   |   |   |
| 0603                                                                |   |   |   |   |   |   |
| 0698 - Summary of remaining write-ins for Line 6 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 |
| 0699 - Totals Lines 0601 through 0603 plus 0698 (Line 6 above)      | 0 | 0 | 0 | 0 | 0 | 0 |

**NOTES TO FINANCIAL STATEMENTS**

**Note 1 – Summary of Significant Accounting Policies and Going Concern**

Constellation Health, LLC (the Company) is a limited liability company created under the laws of the Commonwealth of Puerto Rico on November 8, 2011.

The Company was organized to develop and operate as a Medicare Advantage Organization (MAO) and offered coverage to residents of Puerto Rico who are eligible for Medicare benefits. The MAO provides members with full Medicare Part A and Company B benefits plus coverage of Medicare deductibles and copayment amounts and additional benefits that traditional fee-for-service Medicare does not provide. The MAO also offered Medicare Part D drug coverage (MAPD). The MAO operates as a health services organization (HSO) whereby members are covered for doctor's visits, outpatient care, screenings, shots, lab tests, hospital stays, skilled nursing care and home health care. Additional benefits include, amongst others, routine dental and vision care.

The Company operates its Medicare Advantage Organization pursuant to a contract with the United States Centers for Medicare and Medicaid Services (CMS), a federal agency within the U.S. Department of Health and Human Services. Under the terms of this contract, CMS pays the Company a fixed amount that is subject to future adjustments for each member of the Company's coordinated care Company and the Company provides the coverage to that member for the health services provided. The contract is for a period of one year commencing January 1 and ending on December 31, and can be renewed for periods of one year, as defined in the contract. The contract was renewed effective January 1, 2017 for a period of one year. The Company also provides supplemental health coverage to Medicare and Medicaid dual eligible members enrolled in a specified MAPD.

**A. Accounting Practices**

The accompanying statutory financial statements of the Company have been prepared in accordance with accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (the Commissioner of Insurance), which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The Company adopted the National Association of Insurance Commissioners' statutory accounting practices (NAIC SAP), as the basis of its statutory accounting practices, as long as they do not contradict the provisions of the Insurance Code of the Commonwealth of Puerto Rico (the Insurance Code) or the Circular Letters issued by the Commissioner of Insurance.

|                                                                               | SSAP # | F/S Page | F/S Line # | 2016            | 2015            |
|-------------------------------------------------------------------------------|--------|----------|------------|-----------------|-----------------|
| <b>NET INCOME</b>                                                             |        |          |            |                 |                 |
| (1) Constellation Health, LLC state basis<br>(Page 4, Line 32, Columns 2 & 3) | XXX    | XXX      | XXX        | \$ (1,164,658)  | \$ (15,109,184) |
| (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)                                                  | XXX    | XXX      | XXX        | \$ (1,164,658)  | \$ (15,109,184) |
| <b>SURPLUS</b>                                                                |        |          |            |                 |                 |
| (5) Constellation Health, LLC state basis<br>(Page 3, line 33, Columns 3 & 4) | XXX    | XXX      | XXX        | \$ (10,416,178) | \$ (9,426,772)  |
| (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)                                                  | XXX    | XXX      | XXX        | \$ (10,416,178) | \$ (9,426,772)  |

**B. Use of Estimates in the Preparation of the Financial Statement**

Use of estimates

The preparation of the statutory-basis financial statements requires management to make estimates and assumptions that affect the reported amounts in the statutory-based financial statements and the accompanying notes, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods as more information becomes available. The

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## NOTES TO FINANCIAL STATEMENTS

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impact of any changes in estimates is included in the determination of changes in net assets in the period in which the estimate is adjusted.

C. Accounting Policy

(1) Summary of significant accounting policies

Cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Non-admitted assets

Certain assets designated as "non-admitted assets" have been excluded from the statutory-basis statement of admitted assets, liabilities and members' deficiency through a charge to deficit. Non-admitted assets as of December 31, 2016 included prepaid insurance, prepaid expenses, and non-admitted capitalized software costs, among others.

Premiums revenue

Premium revenue is recognized as revenue over the period in which service or benefits are obligated to be provided. Every year, CMS adjusts the premium base paid to MAPD plans for risk factor considerations. These adjustments are related to the severity of the clinical condition of each member and are calculated by CMS using, for the most part, claims data from the prior year. Final risk factor adjustments for the year are paid on a lump-sum basis to account for the proper risk factor retroactively to the beginning of the year. Changes in revenues from CMS resulting from the periodic changes in risk adjustment scores for the Company's membership are recognized when the amounts become determinable, and the collectability is reasonably assured. Such estimates are regularly reviewed and updated and any resulting adjustments are included in the current period's results. Substantially all revenues recognized by the Company are received from CMS and from the Commonwealth of Puerto Rico Health Insurance Administration (ASES by its Spanish acronym).

Actual amounts received from CMS and ASES are subject to positive and negative adjustments based on subsequent review of members' eligibility or retroactive adjustments of reimbursement rates. An estimate is made of such retroactive adjustments based on historical trends, premiums billed, number of members, expected eligibility, and other information. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by CMS.

Health care service cost recognition

The Company contracts with various health care providers for the provision of medical care services to its beneficiaries. The Company compensates providers of services by a prospectively determined per-diem rate, a payment per case or per service under the same methodology used by Medicare Part A and B, among other methods used. Hospital and medical expenses and corresponding liabilities include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services beneficiaries have received but for which claims have not yet been submitted, and for liabilities for physician, hospital, and other medical costs differences.

The cost of health care services provided or contracted for is accrued in the period in which it is provided to a beneficiary based in part on estimates, including an accrual for medical services for which no bill has yet been received (incurred but not yet reported or IBNR). The IBNR is determined based upon an actuarial analysis of the Company's historical claim payment patterns, management estimates, and other statistics. Adjustments to claims unpaid, estimates and aggregate health reserves are reflected in operating results in the period in which the change in estimate is identified. Although considerable variability is inherent in such estimates, management believes these reserves are adequate to cover the Company's liability for unpaid claims and aggregate health reserves as of December 31, 2016.

Income taxes

The Company uses the liability method for reporting income taxes, under which current and deferred tax liabilities and assets are recorded in accordance with enacted tax laws and rates. Under this method, the amounts of deferred tax liabilities and assets at the end of each period are determined using the tax rate expected to be in effect when taxes are actually paid or recovered. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not.

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## NOTES TO FINANCIAL STATEMENTS

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Deferred income taxes are provided for the estimated income tax effect of temporary differences between financial and tax bases in assets and liabilities. Deferred tax assets are also provided for certain operating losses carry forward. A valuation allowance to reduce deferred tax assets is established when deemed appropriate.

Also, the Company follows the requirements of the *Accounting for Uncertainty in Income Taxes* Topic of the *FASB Accounting Standards Codifications*, which is an accounting standard that prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on the recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax position and income tax disclosures.

The Company's policy for interest and penalties related to income tax exposures is to recognize interest and penalties as a component of the provision for income taxes in the statement of income. As of December 31, 2016 and 2015, the Company believes that there are no uncertain tax positions and has no accrued income tax related interest and/or penalties in the accompanying financial statements.

The Puerto Rico Internal Revenue Code of 2011 (PR Code) establish a maximum corporate income tax rate of 39%, alternative minimum tax (AMT) rate of 30%, the disallowance of certain intercompany charge deductions and an additional tax of the entity based on gross income at a rate ranging from .35% up to 1% for entities with gross income of \$3,000,000 or more. A deduction from taxable income will be allowed to the entity for the resulting tax if paid by the corresponding due date.

Operations for the years ended December 31, 2016 and 2015 resulted in no income tax provision as a result of the losses incurred by the Company.

(2) State guarantee fund deposit

The Company is required, by Article 19.410 of the Insurance Code of the Commonwealth of Puerto Rico, to maintain a minimum deposit in escrow with the Commissioner of Insurance, in the amount of \$600,000 at December 31, 2016. The Company's capital reserve cannot be lower than said amount at any reporting date.

(3) Related parties' transactions

Health Trio, LLC, (HT) a capital unit holder provides to the Company its Claim Management System, among other services provided as established in the agreement between the parties. HT and the Company has a service agreement for five (5) years in which the Company will pay \$39,034 for the first thirty months of the agreement and \$64,034 for the remaining thirty months. In consideration for the reduced amount of the first thirty months of the agreement, the Company will issue to HT the equivalent of 3% capital member units and with the option to participate in future capital calls to insure the non-dilution of its 3% ownership interest in Company.

(4) Health Insurance Portability and Accountability Act

The Health Insurance Portability and Accountability Act (HIPAA) was enacted in August 1996 to assure health insurance portability, reduce healthcare fraud and abuse, guarantee security and privacy of health information and enforce standards for health information. It also places requirements on health maintenance organizations. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. The Company's management believes to be in compliance pursuant to HIPAA requirements.

(4) Concentrations of credit risk

Concentrations of credit risk and financial instruments

Financial instruments that may potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable and state guaranty fund deposit.

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## NOTES TO FINANCIAL STATEMENTS

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### Cash and cash equivalents

At December 31, 2016, the Company has \$324,541 in a bank account which exceeds Federal Deposit Insurance Corporation limits. The financial institution has strong credit ratings and the Company's management believes that credit risk related to these deposits is minimal.

### State Guaranty Fund Deposit

State Guaranty Fund Deposit consists of a certificate of deposit with a commercial bank and under the custody of the Office of Insurance Commissioner. The Company management is not expecting any risk loss in relation with this deposit.

### Accounts receivable

Substantially all of the Company's business activity and premiums receivable are derived from its contract with CMS. The Company does not require collateral to guarantee its premiums receivable.

(5) Risk and uncertainties

### Legal proceedings

Because of the nature of the business, the Company is routinely made party to a variety of legal actions related to the design and management of its service offerings. The Company records liabilities for estimates of probable costs resulting from these matters where appropriate. These matters include, but are not limited to, claims relating to health care benefits coverage, medical malpractice actions, contract disputes, and claims related to certain other business practices.

Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the accompanying statutory-basis financial statements or results of operations of the Company.

### Audits from regulatory agencies

The Company's business is regulated at the local level. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell any of its products.

### Health Insurance Provider Fee

Section 9010 (a) of the Internal Revenue Code imposes an annual fee, beginning in 2014, on each covered entity engaged in the business of providing health insurance. Section 9010 (c) provides that a covered entity is any entity that provides health insurance for any United States health risk during each year, subject to certain exclusions. Puerto Rico health insurance entities are included in the provisions of Section 9010. Each covered entity must report its net premiums written for health insurance in the United States health risks during the previous year to the Internal Revenue Service by April 15th of the year in which the fee is due (the fee year). Covered entities' net premiums written during the data year in an amount less than \$25,000,000 are not subject to the fee. During 2015 the Company subscribed \$74,083,847 in premiums resulting in a HIT fee in 2016 of \$651,966. No reserve for HIT fee was required at December 31, 2016.

(6) Commitments

### Service Agreements

As part of its operations, the Company has entered in various agreements with service organizations which provide to the Company a variety of services. Among them, the Company has contracted its claims management system, the enrollment system and the services for the prescription benefit management. Service organizations fees are paid in different formats including a payment per member per month, usually related to the number of beneficiaries the Company may have at a given month.

**NOTES TO FINANCIAL STATEMENTS**

The amounts included in the statutory-basis statement of revenues, expense and changes in deficit for these expenses as of December 31, 2016 and 2015 are as follows:

|                              | <u>2016</u>      | <u>2015</u>    |
|------------------------------|------------------|----------------|
| Prescription Management Fees | \$1,179,409      | \$552,754      |
| Administrative Expenses      | <u>1,480,002</u> | <u>724,106</u> |
|                              | \$2,659,411      | \$1,276,860    |

(7) Capital contributions

During 2015 the Company amended its limited liability company agreement and restated the authorized capital and membership units. The aggregated number of membership interest which the Company is authorized to issue is 33,032,968 units, divided in two (2) classes of units consisting of (a) 7,600,000 preferred membership units, with a par value of \$1.00 per preferred membership unit of each class or series, and (b) 25,432,968 common membership units, with a par value of \$1.00 per common membership units. At December 31, 2016 and 2015, the Company has issued 16,805,968 and 16,655,968 in common membership units, respectively, and 2,600,000 of preferred membership units. In 2015, the Company issued 2,000,000 Senior Preferred Convertible units with a value of \$2,000,000. In 2016, the Company issued 150,000 common membership units with a value of \$150,000.

At December 31, 2016 and 2015, preferred membership units include 5,600,000 of preferred non-convertible, non-participating units.

The following table summarizes the composition of member units per each type of unit at December 31, 2016 and 2015:

| Description                                       | <u>2016</u>      |                      | <u>2015</u>      |                      |
|---------------------------------------------------|------------------|----------------------|------------------|----------------------|
|                                                   | Members<br>Units | Value                | Members<br>Units | Value                |
| Common units -<br>(Founder Units) (a)             | 2,503,912        | \$ -                 | 2,503,912        | \$ -                 |
| Common units -                                    | 14,302,056       | 14,302,056           | 14,152,056       | 14,152,056           |
| Preferred non-convertible (b)                     | 5,600,000        | 5,600,000            | 5,600,000        | 5,600,000            |
| Preferred convertible (c)                         | 2,000,000        | <u>2,000,000</u>     | 2,000,000        | <u>2,000,000</u>     |
|                                                   |                  | 21,902,056           |                  | 21,752,056           |
| Less: amount reclassified as<br>statutory reserve |                  | <u>(600,000)</u>     |                  | <u>(600,000)</u>     |
| Members' contribution                             |                  | <u>\$ 21,302,056</u> |                  | <u>\$ 21,152,056</u> |

D. Going Concern

The Company was legally organized on November 8, 2011, but commenced operations on January 1, 2014, when its Medicare Advantage Contract with the Centers of Medicare and Medicaid Services (CMS) started. During its three years of operations, the Company reports a capital deficiency of \$10,416,178 at December 31, 2016. The inability by the Company to raise additional capital and restore its operations with additional membership for its MA Program may lead the Office of the Insurance Commissioner to revoke the Company's Certificate of Authorization. In April 2016, the OIC requested a liquidation process for Constellation Health. The San Juan District Court did not authorized the liquidation process and ordered the OIC to initiate a rehabilitation process of Constellation Health. The court has followed very closely this rehabilitation process to assure that Constellation Health continues its operations.

The following is the management's assessment as to the Company financial situation and the expectancy of its operations:

**NOTES TO FINANCIAL STATEMENTS**

Business environment & background

The Company continues to be the fastest growing Medicare Advantage Organization in Puerto Rico. Having started operations in January 2014 with only 900 members, and having increased in membership to over 2,800 by the close of its first year of operation, the Company as of March, 2017 has over 21,000 members with just over 8.5% of its service area and 3% Puerto Rico market share. The Company currently operates in only 16 of the 78 Puerto Rico municipalities and in February 2017 initiated its application to CMS (Centers for Medicare and Medicaid Services) for a Service Area Expansion to cover the entire island beginning in January 2018.

Company revenues and expenses

Since Medicare Advantage is a federal program, virtually all premiums are pre-paid monthly by the U.S. government at a rate of about \$819 per beneficiary per month, and increasing through the year due to the influx of higher premium Medicare Platino members. The Company's 2015 revenue totaled approximately \$74 million. Premium revenues for 2016 reached \$170 million it is estimated \$248 million in 2017 and for 2018 premium revenues are projected between \$400-\$450 million, taking in consideration that the OIC authorize this request and CMS grant the Company's application for the Service Area Expansion to cover the entire island. Generally speaking, 85%-90% of premium revenue is committed to covering medical services, leaving a target of approximately 10%-15% to cover administrative expenses, which currently run at about \$1.5 million per month. Therefore, the Company has now reached an important critical mass at an enrollment level of about 21,000 beneficiaries where \$1.5 million in monthly administrative expense equals approximately 10.7% of monthly premium revenue. The results reported in the preliminary financial statement for the first two months of 2017 reflect a net income of \$1.5 million.

Financial soundness

In order to ensure the financial soundness of the organization, it is imperative to continue on its current growth trajectory and to continue to make every effort to keep operational costs under control. While the Company reflects a positive net income for the first quarter, it is evident that every month that enrollment increases the magnitude of the monthly net income will gradually increase, which is the reason continued growth is crucial for the Company. Further, it is important to continue all capital raising efforts, as additional funds will be required to support the need to comply with the Risk-Based Capital (RBC) requirement.

Constellation Health faces no liquidity problems as it has continued to meet its current obligations. The Company's claims days payable outstanding (DPO), which tells how long it takes the company to pay its claims, is well below the industry average of 90 days. For 2016, the average DPO was 71 days.

In December 2016 the company signed a letter of intent with a prospective investor to receive an additional capital contribution of up to \$20 million.

**Note 2 – Accounting Changes and Corrections of Errors**

No significant changes.

**Note 3 – Business Combinations and Goodwill**

- A. Statutory Purchase Method - None
- B. Statutory Merger - None
- C. Assumption Reinsurance - None
- D. Impairment Loss - None

**Note 4 – Discontinued Operations**

The company had no discontinued operations during 2016.

- A. Discontinued Operation Disposed of or Classified as Held for Sale

(1) List of Discontinued Operations Disposed of or Classified as Held for Sale

| Discontinued Operation Identifier | Description of Discontinued Operation |
|-----------------------------------|---------------------------------------|
|                                   |                                       |

**NOTES TO FINANCIAL STATEMENTS**

(2)

(3) Loss Recognized on Discontinued Operations

| Discontinued Operation Identifier | Amount for Reporting Period | Cumulative Amount Since Classified as Held for Sale |
|-----------------------------------|-----------------------------|-----------------------------------------------------|
|                                   | \$                          | \$                                                  |

(4) Carrying Amount and Fair Value of Discontinued Operations and the Effect on Assets, Liabilities, Surplus and Income

a. Carrying Amount of Discontinued Operations

| Discontinued Operation Identifier | Carrying Amount Immediately Prior to Classification as Held for Sale | Current Fair Value Less Costs to Sell |
|-----------------------------------|----------------------------------------------------------------------|---------------------------------------|
|                                   | \$                                                                   | \$                                    |

b. Effect of Discontinued Operations on Assets, Liabilities, Surplus and Income

|                | Discontinued Operation Identifier | Line Number | Line Description | Amount Attributable to Discontinued Operations |
|----------------|-----------------------------------|-------------|------------------|------------------------------------------------|
| 1. Assets      |                                   |             |                  | \$                                             |
| 2. Liabilities |                                   |             |                  | \$                                             |
| 3. Surplus     |                                   |             |                  | \$                                             |
| 4. Income      |                                   |             |                  | \$                                             |

B. Change in Plan of Sale of Discontinued Operation

C. Nature of any Significant Continuing Involvement with Discontinued Operations After Disposal

D. Equity Interest Retained in the Discontinued Operation After Disposal

**Note 5 – Investments**

None

A. Mortgage Loans, including Mezzanine Real Estate Loans

(1) The maximum and minimum lending rates for mortgage loans during 2016 were:

(2) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgage was \_\_\_\_%.

(3) Taxes, assessments and any amounts advanced and not included in the mortgage loan total

|  |              |            |
|--|--------------|------------|
|  | Current Year | Prior Year |
|  | \$ _____     | \$ _____   |

(4) Age Analysis of Mortgage Loans:

|                                                  | Fam | Residential |           | Commercial |           | Mezzanine | Total |
|--------------------------------------------------|-----|-------------|-----------|------------|-----------|-----------|-------|
|                                                  |     | Insured     | All Other | Insured    | All Other |           |       |
| <b>a. Current Year</b>                           |     |             |           |            |           |           |       |
| <b>1. Recorded Investment (All)</b>              |     |             |           |            |           |           |       |
| (a) Current                                      | \$  | \$          | \$        | \$         | \$        | \$        | \$    |
| (b) 30-59 Days Past Due                          |     |             |           |            |           |           |       |
| (c) 60-89 Days Past Due                          |     |             |           |            |           |           |       |
| (d) 90-179 Days Past Due                         |     |             |           |            |           |           |       |
| (e) 180+ Days Past Due                           |     |             |           |            |           |           |       |
| <b>2. Accruing Interest 90-179 Days Past Due</b> |     |             |           |            |           |           |       |
| (a) Recorded Investment                          | \$  | \$          | \$        | \$         | \$        | \$        | \$    |
| (b) Interest Accrued                             |     |             |           |            |           |           |       |
| <b>3. Accruing Interest 180+ Days Past Due</b>   |     |             |           |            |           |           |       |
| (a) Recorded Investment                          | \$  | \$          | \$        | \$         | \$        | \$        | \$    |
| (b) Interest Accrued                             |     |             |           |            |           |           |       |
| <b>4. Interest Reduced</b>                       |     |             |           |            |           |           |       |
| (a) Recorded Investment                          | \$  | \$          | \$        | \$         | \$        | \$        | \$    |
| (b) Number of Loans                              |     |             |           |            |           |           |       |
| (c) Percent Reduced                              | %   | %           | %         | %          | %         | %         | %     |

**NOTES TO FINANCIAL STATEMENTS**

|                                           |    |    |    |    |    |    |    |
|-------------------------------------------|----|----|----|----|----|----|----|
| b. Prior Year                             |    |    |    |    |    |    |    |
| 1. Recorded Investment (All)              |    |    |    |    |    |    |    |
| (a) Current                               | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| (b) 30-59 Days Past Due                   |    |    |    |    |    |    |    |
| (c) 60-89 Days Past Due                   |    |    |    |    |    |    |    |
| (d) 90-179 Days Past Due                  |    |    |    |    |    |    |    |
| (e) 180+ Days Past Due                    |    |    |    |    |    |    |    |
| 2. Accruing Interest 90-179 Days Past Due |    |    |    |    |    |    |    |
| (a) Recorded Investment                   | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| (b) Interest Accrued                      |    |    |    |    |    |    |    |
| 3. Accruing Interest 180+ Days Past Due   |    |    |    |    |    |    |    |
| (a) Recorded Investment                   | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| (b) Interest Accrued                      |    |    |    |    |    |    |    |
| 4. Interest Reduced                       |    |    |    |    |    |    |    |
| (a) Recorded Investment                   | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| (b) Number of Loans                       |    |    |    |    |    |    |    |
| (c) Percent Reduced                       |    | %  | %  | %  | %  | %  | %  |

(5) Investment Impaired Loans With or Without Allowance for Credit Losses:

|                                     | Farm | Residential |           | Commercial |           | Mezzanine | Total |
|-------------------------------------|------|-------------|-----------|------------|-----------|-----------|-------|
|                                     |      | Insured     | All Other | Insured    | All Other |           |       |
| a. Current Year                     |      |             |           |            |           |           |       |
| 1. With Allowance for Credit Losses | \$   | \$          | \$        | \$         | \$        | \$        | \$    |
| 2. No Allowance for Credit Losses   |      |             |           |            |           |           |       |
| b. Prior Year                       |      |             |           |            |           |           |       |
| 1. With Allowance for Credit Losses | \$   | \$          | \$        | \$         | \$        | \$        |       |
| 2. No Allowance for Credit Losses   |      |             |           |            |           |           |       |

(6) Investment in Impaired Loans – Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:

|                                                                                 | Farm | Residential |           | Commercial |           | Mezzanine | Total |
|---------------------------------------------------------------------------------|------|-------------|-----------|------------|-----------|-----------|-------|
|                                                                                 |      | Insured     | All Other | Insured    | All Other |           |       |
| a. Current Year                                                                 |      |             |           |            |           |           |       |
| 1. Average Recorded Investment                                                  | \$   | \$          | \$        | \$         | \$        | \$        | \$    |
| 2. Interest Income Recognized                                                   |      |             |           |            |           |           |       |
| 3. Recorded Investments on Nonaccrual Status                                    |      |             |           |            |           |           |       |
| 4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting |      |             |           |            |           |           |       |
| b. Prior Year                                                                   |      |             |           |            |           |           |       |
| 1. Average Recorded Investment                                                  | \$   | \$          | \$        | \$         | \$        | \$        | \$    |
| 2. Interest Income Recognized                                                   |      |             |           |            |           |           |       |
| 3. Recorded Investments on Nonaccrual Status                                    |      |             |           |            |           |           |       |
| 4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting |      |             |           |            |           |           |       |

|                                  |                                                   | Current Year | Prior Year |
|----------------------------------|---------------------------------------------------|--------------|------------|
| (7) Allowance for Credit Losses: |                                                   |              |            |
| a.                               | Balance at beginning of period                    | \$           | \$         |
| b.                               | Additions charged to operations                   |              |            |
| c.                               | Direct write-downs charged against the allowances |              |            |
| d.                               | Recoveries of amounts previously charged off      |              |            |
| e.                               | Balance at end of period                          | \$           | \$         |

|                                                             |                                                 | Current Year |
|-------------------------------------------------------------|-------------------------------------------------|--------------|
| (8) Mortgage Loans Derecognized as a Result of Foreclosure: |                                                 |              |
| a.                                                          | Aggregate amount of mortgage loans derecognized | \$           |

**NOTES TO FINANCIAL STATEMENTS**

|    |                                                                                    |    |
|----|------------------------------------------------------------------------------------|----|
| b. | Real estate collateral recognized                                                  | \$ |
| c. | Other collateral recognized                                                        | \$ |
| d. | Receivables recognized from a government guarantee of the foreclosed mortgage loan | \$ |

(9) The company recognizes interest income on its impaired loans upon receipt.

**B. Debt Restructuring**

|                                                                                                                                                | Current Year | Prior Year |
|------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|
| (1) The total recorded investment in restructured loans, as of year-end                                                                        | \$           | \$         |
| (2) The realized capital losses related to these loans                                                                                         | \$           | \$         |
| (3) Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings | \$           | \$         |

(4)

**C. Reverse Mortgages**

(1)

(2)

(3) At December 31, 2016, the actuarial reserve of \$ reduced the asset value of the group of reverse mortgages.

(4) Constellation Health, LLC recorded an unrealized loss \$ as a result of the re-estimates of the cash flows.

**D. Loan-Backed Securities**

(1)

|                                                                                                                                             | 1                                                           | 2                                                  | 3              |
|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------|----------------|
|                                                                                                                                             | Amortized Cost Basis Before Other-than-Temporary Impairment | Other-than-Temporary Impairment Recognized in Loss | Fair Value 1-2 |
| <b>OTTI recognized 1<sup>st</sup> Quarter</b>                                                                                               |                                                             |                                                    |                |
| a. Intent to sell                                                                                                                           | \$                                                          | \$                                                 | \$             |
| b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis |                                                             |                                                    |                |
| c. Total 1 <sup>st</sup> Quarter                                                                                                            | \$                                                          | \$                                                 | \$             |
| <b>OTTI recognized 2<sup>nd</sup> Quarter</b>                                                                                               |                                                             |                                                    |                |
| d. Intent to sell                                                                                                                           | \$                                                          | \$                                                 | \$             |
| e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis |                                                             |                                                    |                |
| f. Total 2 <sup>nd</sup> Quarter                                                                                                            | \$                                                          | \$                                                 | \$             |
| <b>OTTI recognized 3<sup>rd</sup> Quarter</b>                                                                                               |                                                             |                                                    |                |
| g. Intent to sell                                                                                                                           | \$                                                          | \$                                                 | \$             |
| h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis |                                                             |                                                    |                |
| i. Total 3 <sup>rd</sup> Quarter                                                                                                            | \$                                                          | \$                                                 | \$             |
| <b>OTTI recognized 4<sup>th</sup> Quarter</b>                                                                                               |                                                             |                                                    |                |
| j. Intent to sell                                                                                                                           | \$                                                          | \$                                                 | \$             |
| k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis |                                                             |                                                    |                |
| l. Total 4 <sup>th</sup> Quarter                                                                                                            |                                                             | \$                                                 |                |
| m. Annual aggregate total                                                                                                                   | XXX                                                         | \$                                                 | XXX            |

(3) Recognized OTTI securities

| CUSIP | Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI | Present Value of Projected Cash Flows | Recognized Other-Than-Temporary Impairment | Amortized Cost After Other-Than-Temporary Impairment | Fair Value at Time of OTTI | Date of Financial Statement Where Reported |
|-------|------------------------------------------------------------------------|---------------------------------------|--------------------------------------------|------------------------------------------------------|----------------------------|--------------------------------------------|
|       | \$                                                                     | \$                                    | \$                                         | \$                                                   | \$                         |                                            |
| Total |                                                                        |                                       | \$                                         |                                                      |                            |                                            |

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

|                                                                           |                        |    |
|---------------------------------------------------------------------------|------------------------|----|
| a. The aggregate amount of unrealized losses:                             | 1. Less than 12 Months | \$ |
|                                                                           | 2. 12 Months or Longer | \$ |
| b. The aggregate related fair value of securities with unrealized losses: | 1. Less than 12 Months | \$ |
|                                                                           | 2. 12 Months or Longer | \$ |

(5)

**E. Repurchase Agreements and/or Securities Lending Transactions**

**NOTES TO FINANCIAL STATEMENTS**

(1)

(2)

(3) Collateral Received

| a. Aggregate Amount Collateral Received                                                                       |                           | Fair Value |
|---------------------------------------------------------------------------------------------------------------|---------------------------|------------|
| <b>1. Repurchase Agreement</b>                                                                                |                           |            |
| (a)                                                                                                           | Open                      | \$         |
| (b)                                                                                                           | 30 Days or Less           |            |
| (c)                                                                                                           | 31 to 60 Days             |            |
| (d)                                                                                                           | 61 to 90 Days             |            |
| (e)                                                                                                           | Greater Than 90 Days      |            |
| (f)                                                                                                           | Sub-Total                 | \$         |
| (g)                                                                                                           | Securities Received       |            |
| (h)                                                                                                           | Total Collateral Received | \$         |
| <b>2. Securities Lending</b>                                                                                  |                           |            |
| (a)                                                                                                           | Open                      | \$         |
| (b)                                                                                                           | 30 Days or Less           |            |
| (c)                                                                                                           | 31 to 60 Days             |            |
| (d)                                                                                                           | 61 to 90 Days             |            |
| (e)                                                                                                           | Greater Than 90 Days      |            |
| (f)                                                                                                           | Sub-Total                 | \$         |
| (g)                                                                                                           | Securities Received       |            |
| (h)                                                                                                           | Total Collateral Received | \$         |
| <b>3. Dollar Repurchase Agreement</b>                                                                         |                           |            |
| (a)                                                                                                           | Open                      | \$         |
| (b)                                                                                                           | 30 Days or Less           |            |
| (c)                                                                                                           | 31 to 60 Days             |            |
| (d)                                                                                                           | 61 to 90 Days             |            |
| (e)                                                                                                           | Greater Than 90 Days      |            |
| (f)                                                                                                           | Sub-Total                 | \$         |
| (g)                                                                                                           | Securities Received       |            |
| (h)                                                                                                           | Total Collateral Received | \$         |
| <b>b. The fair value of that collateral and of the portion of that collateral that it has sold or pledged</b> |                           | <b>\$</b>  |

c.

(4)

(5) Collateral Reinvestment

| a. Aggregate Amount Collateral Reinvested |                             | Amortized Cost | Fair Value |
|-------------------------------------------|-----------------------------|----------------|------------|
| <b>1. Repurchase Agreement</b>            |                             |                |            |
| (a)                                       | Open                        | \$             | \$         |
| (b)                                       | 30 Days or Less             |                |            |
| (c)                                       | 31 to 60 Days               |                |            |
| (d)                                       | 61 to 90 Days               |                |            |
| (e)                                       | 91 to 120 Days              |                |            |
| (f)                                       | 121 to 180 Days             |                |            |
| (g)                                       | 181 to 365 Days             |                |            |
| (h)                                       | 1 to 2 Years                |                |            |
| (i)                                       | 2 to 3 Years                |                |            |
| (j)                                       | Greater Than 3 Years        |                |            |
| (k)                                       | Sub-Total                   | \$             | \$         |
| (l)                                       | Securities Received         |                |            |
| (m)                                       | Total Collateral Reinvested | \$             | \$         |
| <b>2. Securities Lending</b>              |                             |                |            |
| (a)                                       | Open                        | \$             | \$         |
| (b)                                       | 30 Days or Less             |                |            |
| (c)                                       | 31 to 60 Days               |                |            |
| (d)                                       | 61 to 90 Days               |                |            |
| (e)                                       | 91 to 120 Days              |                |            |
| (f)                                       | 121 to 180 Days             |                |            |
| (g)                                       | 181 to 365 Days             |                |            |
| (h)                                       | 1 to 2 Years                |                |            |
| (i)                                       | 2 to 3 Years                |                |            |
| (j)                                       | Greater Than 3 Years        |                |            |
| (k)                                       | Sub-Total                   | \$             | \$         |
| (l)                                       | Securities Received         |                |            |
| (m)                                       | Total Collateral Reinvested | \$             | \$         |
| <b>3. Dollar Repurchase Agreement</b>     |                             |                |            |
| (a)                                       | Open                        | \$             | \$         |
| (b)                                       | 30 Days or Less             |                |            |
| (c)                                       | 31 to 60 Days               |                |            |
| (d)                                       | 61 to 90 Days               |                |            |
| (e)                                       | 91 to 120 Days              |                |            |
| (f)                                       | 121 to 180 Days             |                |            |
| (g)                                       | 181 to 365 Days             |                |            |

**NOTES TO FINANCIAL STATEMENTS**

|     |                             |    |    |
|-----|-----------------------------|----|----|
| (h) | 1 to 2 Years                |    |    |
| (i) | 2 to 3 Years                |    |    |
| (j) | Greater Than 3 Years        |    |    |
| (k) | Sub-Total                   | \$ | \$ |
| (l) | Securities Received         |    |    |
| (m) | Total Collateral Reinvested | \$ | \$ |

b.

(6)

(7) Collateral for Securities Lending transactions that extend beyond one year from the reporting date.

| Description of Collateral                                        | Amount |
|------------------------------------------------------------------|--------|
|                                                                  | \$     |
| Total Collateral extending beyond one year of the reporting date | \$     |

F. Real Estate

(1)

(2)

(3)

(4)

(5)

G. Investments in Low-Income Housing Trade Credits (LIHTC)

(1)

(2)

(3)

(4)

(5)

(6)

(7)

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

| Restricted Asset Category                                                        | 1<br>Total Gross Restricted from Current Year | 2<br>Total Gross Restricted from Prior Year | 3<br>Increase (Decrease) (1 minus 2) | 4<br>Total Current Year Nonadmitted Restricted | 5<br>Total Current Year Admitted Restricted (1 minus 4) | 6<br>Gross (Admitted & Nonadmitted) Restricted to Total Assets (a) | 7<br>Additional Restricted to Total Admitted Assets (b) |
|----------------------------------------------------------------------------------|-----------------------------------------------|---------------------------------------------|--------------------------------------|------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------|
| a. Subject to contractual obligation for which liability is not shown            |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| b. Collateral held under security lending arrangements                           |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| c. Subject to repurchase agreements                                              |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| d. Subject to reverse repurchase agreements                                      |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| e. Subject to dollar repurchase agreements                                       |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| f. Subject to dollar reverse repurchase agreements                               |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| g. Placed under option contracts                                                 |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| h. Letter stock or securities restricted as to sale excluding FHLB capital stock |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| i. FHLB capital stock                                                            |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| j. On deposit with states                                                        |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| k. On deposit with other regulatory bodies                                       |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| l. Pledged as collateral to FHLB (including assets backing funding agreements)   |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| m. Pledged as collateral not captured in other categories                        |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| n. Other restricted assets                                                       |                                               |                                             |                                      |                                                |                                                         |                                                                    |                                                         |
| <b>o. Total Restricted Assets</b>                                                | \$                                            | \$                                          | \$                                   | \$                                             | \$                                                      | \$                                                                 | \$                                                      |

(a) Column 1 divided by Asset Page, Column 1, Line 28  
 (b) Column 5 divided by Asset Page, Column 1, Line 28

**NOTES TO FINANCIAL STATEMENTS**

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate)

|           | 1                                                                 | 2                                                               | 3                               | 4                                      | 5                                                         | 6                                            |
|-----------|-------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------|----------------------------------------|-----------------------------------------------------------|----------------------------------------------|
|           | Total Gross (Admitted & Nonadmitted) Restricted from Current Year | Total Gross (Admitted & Nonadmitted) Restricted from Prior Year | Increase (Decrease) (1 minus 2) | Total Current Year Admitted Restricted | Gross (Admitted & Nonadmitted) Restricted to Total Assets | Admitted Restricted to Total Admitted Assets |
| Total (c) | \$                                                                | \$                                                              | \$                              | \$                                     |                                                           |                                              |

(a) Total Line for Columns 1 through 3 should equal 5H(1)m Columns 1 through 3 respectively and Total Line for Column 4 should equal 5H(1)m Column 5.

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)

|           | 1                                                                 | 2                                                               | 3                               | 4                                      | 5                                                         | 6                                            |
|-----------|-------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------|----------------------------------------|-----------------------------------------------------------|----------------------------------------------|
|           | Total Gross (Admitted & Nonadmitted) Restricted from Current Year | Total Gross (Admitted & Nonadmitted) Restricted from Prior Year | Increase (Decrease) (1 minus 2) | Total Current Year Admitted Restricted | Gross (Admitted & Nonadmitted) Restricted to Total Assets | Admitted Restricted to Total Admitted Assets |
| Total (c) | \$                                                                | \$                                                              | \$                              | \$                                     |                                                           |                                              |

(a) Total Line for Columns 1 through 3 should equal 5H(1)n Columns 1 through 3 respectively and Total Line for Column 4 should equal 5H(1)n Column 5.

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

| Collateral Assets                              | 1                                   | 2          | 3                                                      | 4                                     |
|------------------------------------------------|-------------------------------------|------------|--------------------------------------------------------|---------------------------------------|
|                                                | Book/Adjusted Carrying Value (BACV) | Fair Value | % of BACV to Total Assets (Admitted and Nonadmitted) * | % of BACV to Total Admitted Assets ** |
| a. Cash                                        | \$                                  | \$         | %                                                      | %                                     |
| b. Schedule D, Part 1                          |                                     |            | %                                                      | %                                     |
| c. Schedule D, Part 2, Sec. 1                  |                                     |            | %                                                      | %                                     |
| d. Schedule D, Part 2, Sec. 2                  |                                     |            | %                                                      | %                                     |
| e. Schedule B                                  |                                     |            | %                                                      | %                                     |
| f. Schedule A                                  |                                     |            | %                                                      | %                                     |
| g. Schedule BA, Part 1                         |                                     |            | %                                                      | %                                     |
| h. Schedule DL, Part 1                         |                                     |            | %                                                      | %                                     |
| i. Other                                       |                                     |            | %                                                      | %                                     |
| j. Total Collateral Assets (a+b+c+d+e+f+g+h+i) | \$                                  | \$         | %                                                      | %                                     |

\* Column 1 divided by Asset Page, Line 26 (Column 1)

\*\* Column 1 divided by Asset Page, Line 26, (Column 3)

|                                                     | 1      | 2                                   |
|-----------------------------------------------------|--------|-------------------------------------|
|                                                     | Amount | % of Liability to Total Liabilities |
| k. Recognized Obligation to Return Collateral Asset | \$     | %                                   |

\* Column 1 divided by Liability Page, Line 24 (Column 3)

I. Working Capital Finance Investments

(1) Aggregate Working Capital Finance Investments (WCFI) Book/Adjusted Carrying Value by NAIC Designation:

|                       | Gross Asset CY | Non-admitted Asset CY | Net Admitted Asset CY |
|-----------------------|----------------|-----------------------|-----------------------|
| a. WCFI Designation 1 | \$             | \$                    | \$                    |
| b. WCFI Designation 2 |                |                       |                       |
| c. WCFI Designation 3 |                |                       |                       |
| d. WCFI Designation 4 |                |                       |                       |
| e. WCFI Designation 5 |                |                       |                       |
| f. WCFI Designation 6 |                |                       |                       |
| g. Total              | \$             | \$                    | \$                    |

(2) Aggregate Maturity Distribution on the Underlying Working Capital Finance Programs

|                    | Book/Adjusted Carrying Value |
|--------------------|------------------------------|
| a. Up to 180 Days  | \$                           |
| b. 181 to 365 Days |                              |
| c. Total           | \$                           |

J. Offsetting and Netting of Assets and Liabilities

| (1) Assets      | Gross Amount Recognized | Amount Offset | Net Amount Presented on Financial Statements |
|-----------------|-------------------------|---------------|----------------------------------------------|
|                 | \$                      | \$            | \$                                           |
| (2) Liabilities |                         |               |                                              |
|                 | \$                      | \$            | \$                                           |

K. Structured Notes

| CUSIP Identification | Actual Cost | Fair Value | Book/Adjusted Carrying Value | Mortgage-Referenced Security (YES/NO) |
|----------------------|-------------|------------|------------------------------|---------------------------------------|
| XXX                  | \$          | \$         | \$                           | XXX                                   |

L. 5\* Securities

| Number of 5* Securities | Aggregate BACV | Aggregate Fair Value |
|-------------------------|----------------|----------------------|
|-------------------------|----------------|----------------------|

**NOTES TO FINANCIAL STATEMENTS**

| Investment               | Current Year | Prior Year | Current Year | Prior Year | Current Year | Prior Year |
|--------------------------|--------------|------------|--------------|------------|--------------|------------|
| (1) Bonds – AC           |              |            | \$           | \$         | \$           | \$         |
| (2) Bonds – FV           |              |            | \$           | \$         | \$           | \$         |
| (3) LB & SS – AC         |              |            | \$           | \$         | \$           | \$         |
| (4) LB & SS – FV         |              |            | \$           | \$         | \$           | \$         |
| (5) Preferred Stock – AC |              |            | \$           | \$         | \$           | \$         |
| (6) Preferred Stock – FV |              |            | \$           | \$         | \$           | \$         |
| (7) Total (1+2+3+4+5+6)  |              |            | \$           | \$         | \$           | \$         |

AC – Amortized Cost      FV – Fair Value

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

None

A.

B.

**Note 7 – Investment Income**

No significant changes.

A.

B.

**Note 8 – Derivative Instruments**

A. None

B.

C.

D.

E.

F.

(1)

(2)

**Note 9 – Income Taxes**

No significant changes. Refer to Note 1 for significant accounting policies.

**A. Deferred Tax Assets/(Liabilities)**

**1. Components of Net Deferred Tax Asset/(Liability)**

|                                                                          | 2016          |              |                         | 2015          |              |                         | Change                     |                           |                         |
|--------------------------------------------------------------------------|---------------|--------------|-------------------------|---------------|--------------|-------------------------|----------------------------|---------------------------|-------------------------|
|                                                                          | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col 4+5)<br>Total | 7<br>(Col 1-4)<br>Ordinary | 8<br>(Col 2-5)<br>Capital | 9<br>(Col 7+8)<br>Total |
| a. Gross deferred tax assets                                             | \$            | \$           | \$                      | \$            | \$           | \$                      | \$                         | \$                        | \$                      |
| b. Statutory valuation allowance adjustment                              |               |              |                         |               |              |                         |                            |                           |                         |
| c. Adjusted gross deferred tax assets (1a-1b)                            |               |              |                         |               |              |                         |                            |                           |                         |
| d. Deferred tax assets nonadmitted                                       |               |              |                         |               |              |                         |                            |                           |                         |
| e. Subtotal net admitted deferred tax asset (1c-1d)                      |               |              |                         |               |              |                         |                            |                           |                         |
| f. Deferred tax liabilities                                              |               |              |                         |               |              |                         |                            |                           |                         |
| g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f) | \$            | \$           | \$                      | \$            | \$           | \$                      | \$                         | \$                        | \$                      |

**2. Admission Calculation Components**

|                                 | 2016          |              |                         | 2015          |              |                         | Change                     |                           |                         |
|---------------------------------|---------------|--------------|-------------------------|---------------|--------------|-------------------------|----------------------------|---------------------------|-------------------------|
|                                 | 1<br>Ordinary | 2<br>Capital | 3<br>(Col 1+2)<br>Total | 4<br>Ordinary | 5<br>Capital | 6<br>(Col 4+5)<br>Total | 7<br>(Col 1-4)<br>Ordinary | 8<br>(Col 2-5)<br>Capital | 9<br>(Col 7+8)<br>Total |
| a. Federal income taxes paid in | \$            | \$           | \$                      | \$            | \$           | \$                      | \$                         | \$                        | \$                      |



**NOTES TO FINANCIAL STATEMENTS**

C. Current and Deferred Income Taxes

1. Current Income Tax

|                                               | 1<br>2016 | 2<br>2015 | 3<br>(Col 1-2)<br>Change |
|-----------------------------------------------|-----------|-----------|--------------------------|
| a. Federal                                    | \$        | \$        | \$                       |
| b. Foreign                                    |           |           |                          |
| c. Subtotal                                   | \$        | \$        | \$                       |
| d. Federal income tax on net capital gains    |           |           |                          |
| e. Utilization of capital loss carry-forwards |           |           |                          |
| f. Other                                      |           |           |                          |
| g. Federal and Foreign income taxes incurred  | \$        | \$        | \$                       |

2. Deferred Tax Assets

|                                                              | 1<br>2016 | 2<br>2015 | 3<br>(Col 1-2)<br>Change |
|--------------------------------------------------------------|-----------|-----------|--------------------------|
| a. Ordinary:                                                 |           |           |                          |
| 1. Discounting of unpaid losses                              | \$        | \$        | \$                       |
| 2. Unearned premium reserve                                  |           |           |                          |
| 3. Policyholder reserves                                     |           |           |                          |
| 4. Investments                                               |           |           |                          |
| 5. Deferred acquisition costs                                |           |           |                          |
| 6. Policyholder dividends accrual                            |           |           |                          |
| 7. Fixed assets                                              |           |           |                          |
| 8. Compensation and benefits accrual                         |           |           |                          |
| 9. Pension accrual                                           |           |           |                          |
| 10. Receivables - nonadmitted                                |           |           |                          |
| 11. Net operating loss carry-forward                         |           |           |                          |
| 12. Tax credit carry-forward                                 |           |           |                          |
| 13. Other (including items <5% of total ordinary tax assets) |           |           |                          |
| 99. Subtotal                                                 | \$        | \$        | \$                       |
| b. Statutory valuation allowance adjustment                  |           |           |                          |
| c. Nonadmitted                                               |           |           |                          |
| d. Admitted ordinary deferred tax assets (2a99-2b-2c)        | \$        | \$        | \$                       |
| e. Capital:                                                  |           |           |                          |
| 1. Investments                                               | \$        | \$        | \$                       |
| 2. Net capital loss carry-forward                            |           |           |                          |
| 3. Real estate                                               |           |           |                          |
| 4. Other (including items <5% of total capital tax assets)   |           |           |                          |
| 99. Subtotal                                                 | \$        | \$        | \$                       |
| f. Statutory valuation allowance adjustment                  |           |           |                          |
| g. Nonadmitted                                               |           |           |                          |
| h. Admitted capital deferred tax assets (2e99-2f-2g)         |           |           |                          |
| i. Admitted deferred tax assets (2d+2h)                      | \$        | \$        | \$                       |

3. Deferred Tax Liabilities

|                                                                  | 1<br>2016 | 2<br>2015 | 3<br>(Col 1-2)<br>Change |
|------------------------------------------------------------------|-----------|-----------|--------------------------|
| a. Ordinary:                                                     |           |           |                          |
| 1. Investments                                                   | \$        | \$        | \$                       |
| 2. Fixed assets                                                  |           |           |                          |
| 3. Deferred and uncollected premium                              |           |           |                          |
| 4. Policyholder reserves                                         |           |           |                          |
| 5. Other (including items <5% of total ordinary tax liabilities) |           |           |                          |
| 99. Subtotal                                                     | \$        | \$        | \$                       |
| b. Capital:                                                      |           |           |                          |
| 1. Investments                                                   | \$        | \$        | \$                       |
| 2. Real estate                                                   |           |           |                          |
| 3. Other (including items <5% of total capital tax liabilities)  |           |           |                          |
| 99. Subtotal                                                     | \$        | \$        | \$                       |
| c. Deferred tax liabilities (3a99+3b99)                          | \$        | \$        | \$                       |

|                                        |    |    |    |
|----------------------------------------|----|----|----|
| 4. [Net Deferred Tax Assets (2i - 3c)] | \$ | \$ | \$ |
|----------------------------------------|----|----|----|

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

|                                      | Amount | Effective Tax Rate (%) |
|--------------------------------------|--------|------------------------|
| Permanent Differences:               |        |                        |
| Provision computed at statutory rate | \$     | %                      |

**NOTES TO FINANCIAL STATEMENTS**

|                                           |    |   |
|-------------------------------------------|----|---|
| Proration of tax exempt investment income |    | % |
| Tax exempt income deduction               |    | % |
| Dividends received deduction              |    | % |
| Disallowed travel and entertainment       |    | % |
| Other permanent differences               |    | % |
| <b>Temporary Differences:</b>             |    |   |
| Total ordinary DTAs                       | \$ | % |
| Total ordinary DTLs                       |    | % |
| Total capital DTAs                        |    | % |
| Total capital DTLs                        |    | % |
| <b>Other:</b>                             |    |   |
| Statutory valuation allowance adjustment  | \$ | % |
| Accrual adjustment – prior year           |    | % |
| Other                                     |    | % |
| Totals                                    | \$ | % |
| Federal and foreign income taxes incurred |    | % |
| Realized capital gains (losses) tax       |    | % |
| Change in net deferred income taxes       |    | % |
| Total statutory income taxes              | \$ | % |

**E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits**

At December 31, 2016, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

The following is income tax expense for 2016 and 2015 that is available for recoupment in the event of future net losses:

| Year | Amount |
|------|--------|
| 2016 | \$     |
| 2015 | \$     |

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

**F. Consolidated Federal Income Tax Return**

The Company's federal income tax return is consolidated with the following entities:  
 >> Enter Entities Here <<

- The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled monthly.

**G. Federal or Foreign Federal Income Tax Loss Contingencies**

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

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

A. No significant changes.

B.

- (1)
- (2)
- (3)
- (4)
- (5)
- (6)
- (7)
- (8)

C.

D.

E.

F.

G.

**NOTES TO FINANCIAL STATEMENTS**

H.

I.

- (1)
- (2)
- (3)
- (4)
- (5)

J.

- (1)
- (2)

K.

L.

- (1)
- (2)
- (3)
- (4)
- (5)

M.

All SCA Investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8b(i) Entities)

| SCA Entity                                                              | Percentage of SCA Ownership | Gross Amount | Admitted Amount | Nonadmitted Amount |
|-------------------------------------------------------------------------|-----------------------------|--------------|-----------------|--------------------|
| a. SSAP No. 97 8a Entities                                              |                             |              |                 |                    |
|                                                                         | %                           |              |                 |                    |
| Total SSAP No. 97 8a Entities                                           | XXX                         | \$           | \$              | \$                 |
| b. SSAP No. 97 8b(ii) Entities                                          |                             |              |                 |                    |
|                                                                         | %                           |              |                 |                    |
| Total SSAP No. 97 8b(ii) Entities                                       | XXX                         | \$           | \$              | \$                 |
| c. SSAP No. 97 8b(iii) Entities                                         |                             |              |                 |                    |
|                                                                         | %                           |              |                 |                    |
| Total SSAP No. 97 8b(iii) Entities                                      | XXX                         | \$           | \$              | \$                 |
| d. SSAP No. 97 8b(iv) Entities                                          |                             |              |                 |                    |
|                                                                         | %                           |              |                 |                    |
| Total SSAP No. 97 8b(iv) Entities                                       | XXX                         | \$           | \$              | \$                 |
| e. Total SSAP No. 97 8b Entities (exception 8b(i) entities) (b + c + d) | XXX                         | \$           | \$              | \$                 |
| f. Aggregate Total (a + e)                                              | XXX                         | \$           | \$              | \$                 |

(2) NAIC Filing Response Information

| SCA Entity<br>(Should be the same entities as shown in M(1) above)      | Type of NAIC Filing* | Date of Filing to the NAIC | NAIC Valuation Amount | NAIC Response Received Y/N | NAIC Disallowed Entities Valuation Method Resubmission Required Y/N | Code** |
|-------------------------------------------------------------------------|----------------------|----------------------------|-----------------------|----------------------------|---------------------------------------------------------------------|--------|
| a. SSAP No. 97 8a Entities                                              |                      |                            |                       |                            |                                                                     |        |
| Total SSAP No. 97 8a Entities                                           | XXX                  | XXX                        | \$                    | XXX                        | XXX                                                                 | XXX    |
| b. SSAP No. 97 8b(ii) Entities                                          |                      |                            |                       |                            |                                                                     |        |
| Total SSAP No. 97 8b(ii) Entities                                       | XXX                  | XXX                        | \$                    | XXX                        | XXX                                                                 | XXX    |
| c. SSAP No. 97 8b(iii) Entities                                         |                      |                            |                       |                            |                                                                     |        |
| Total SSAP No. 97 8b(iii) Entities                                      | XXX                  | XXX                        | \$                    | XXX                        | XXX                                                                 | XXX    |
| d. SSAP No. 97 8b(iv) Entities                                          |                      |                            |                       |                            |                                                                     |        |
| Total SSAP No. 97 8b(iv) Entities                                       | XXX                  | XXX                        | \$                    | XXX                        | XXX                                                                 | XXX    |
| e. Total SSAP No. 97 8b Entities (exception 8b(i) entities) (b + c + d) | XXX                  | XXX                        | \$                    | XXX                        | XXX                                                                 | XXX    |
| f. Aggregate Total (a + e)                                              | XXX                  | XXX                        | \$                    | XXX                        | XXX                                                                 | XXX    |

\* S1 - Sub-1, S2 - Sub-2 or RDF - Resubmission of Disallowed Filing

\*\* I - Immaterial or M - Material

**NOTES TO FINANCIAL STATEMENTS**

**N. Investment in Insurance SCAs**

(1)

(2)

| SCA Entity<br>(Investments in Insurance SCA Entities) | Monetary Effect on NAIC SAP         |                                | Amount of Investment            |                                                                             |
|-------------------------------------------------------|-------------------------------------|--------------------------------|---------------------------------|-----------------------------------------------------------------------------|
|                                                       | Net Income<br>(Increase (Decrease)) | Surplus Increase<br>(Decrease) | Per Audited<br>Statutory Equity | If the Insurance SCA<br>Had Completed<br>Statutory Financial<br>Statements* |
|                                                       | \$                                  | \$                             | \$                              | \$                                                                          |

\* Per AP&P Manual (without permitted or prescribed practices)

(3)

**Note 11 – Debt**

None

**A.**

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

(11)

(12)

**B. FHLB (Federal Home Loan Bank) Agreements**

(1)

(2) FHLB Capital Stock

**a. Aggregate Totals**

**1. Current Year**

|                                                                         | Total |
|-------------------------------------------------------------------------|-------|
| (a) Membership Stock – Class A                                          | \$    |
| (b) Membership Stock – Class B                                          |       |
| (c) Activity Stock                                                      |       |
| (d) Excess Stock                                                        |       |
| (e) Aggregate Total (a+b+c+d)                                           | \$    |
| (f) Actual or estimated borrowing capacity as determined by the insurer | \$    |

**2. Prior Year**

|                                                                         | Total |
|-------------------------------------------------------------------------|-------|
| (a) Membership Stock – Class A                                          | \$    |
| (b) Membership Stock – Class B                                          |       |
| (c) Activity Stock                                                      |       |
| (d) Excess Stock                                                        |       |
| (e) Aggregate Total (a+b+c+d)                                           | \$    |
| (f) Actual or estimated borrowing capacity as determined by the insurer | \$    |

**b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption**

| Membership Stock | 1<br>Current Year Total<br>(2+3+4+5+6) | 2<br>Not Eligible for<br>Redemption | Eligible for Redemption    |                                      |                                |                   |
|------------------|----------------------------------------|-------------------------------------|----------------------------|--------------------------------------|--------------------------------|-------------------|
|                  |                                        |                                     | 3<br>Less than<br>6 Months | 4<br>6 Months to Less<br>Than 1 Year | 5<br>1 to Less Than<br>3 Years | 6<br>3 to 5 Years |
| 1. Class A       | \$                                     | \$                                  | \$                         | \$                                   | \$                             | \$                |
| 2. Class B       | \$                                     | \$                                  | \$                         | \$                                   | \$                             | \$                |

(3) Collateral Pledged to FHLB

**NOTES TO FINANCIAL STATEMENTS**

a. Amount Pledged as of Reporting Date

|                                          | 1<br>Fair Value | 2<br>Carrying Value | 3<br>Aggregate Total Borrowing |
|------------------------------------------|-----------------|---------------------|--------------------------------|
| 1. Current Year Total Collateral Pledged | \$              | \$                  | \$                             |
| 2. Prior Year Total Collateral Pledged   | \$              | \$                  | \$                             |

b. Maximum Amount Pledged During Reporting Period

|                                          | 1<br>Fair Value | 2<br>Carrying Value | 3<br>Amount Borrowed at Time of Maximum Collateral |
|------------------------------------------|-----------------|---------------------|----------------------------------------------------|
| 1. Current Year Total Collateral Pledged | \$              | \$                  | \$                                                 |
| 2. Prior Year Total Collateral Pledged   | \$              | \$                  | \$                                                 |

(4) Borrowing from FHLB

a. Amount as of the Reporting Date

1. Current Year

|                             | 1<br>Total | 2<br>Funding Agreements Reserves Established |
|-----------------------------|------------|----------------------------------------------|
| (a) Debt                    | \$         | XXX                                          |
| (b) Funding Agreements      | \$         | \$                                           |
| (c) Other                   |            | XXX                                          |
| (d) Aggregate Total (a+b+c) | \$         |                                              |

2. Prior Year

|                             | 1<br>Total | 2<br>Funding Agreements Reserves Established |
|-----------------------------|------------|----------------------------------------------|
| (a) Debt                    | \$         | XXX                                          |
| (b) Funding Agreements      | \$         | \$                                           |
| (c) Other                   |            | XXX                                          |
| (d) Aggregate Total (a+b+c) | \$         | \$                                           |

b. Maximum Amount During Reporting Period (Current Year)

|                                  | Total |
|----------------------------------|-------|
| 1. Debt                          | \$    |
| 2. Funding Agreements            |       |
| 3. Other                         |       |
| 4. Aggregate Total (Lines 1+2+3) | \$    |

c. FHLB – Prepayment Obligations

|                       | Does the Company have Prepayment Obligations under the Following Arrangements (YES/NO) |
|-----------------------|----------------------------------------------------------------------------------------|
| 1. Debt               |                                                                                        |
| 2. Funding Agreements |                                                                                        |
| 3. Other              |                                                                                        |

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

The Company sponsors a defined contribution retirement plan which covers substantially all its employees who have completed three months of continuous active employment. Employer matching contributions are discretionary. During the year 2016, the Company made no contributions to the plan.

A. Defined Benefit Plan

| (1) Change in Benefit Obligation                                                                   | Overfunded |      | Underfunded |      |
|----------------------------------------------------------------------------------------------------|------------|------|-------------|------|
|                                                                                                    | 2016       | 2015 | 2016        | 2015 |
| a. Pension Benefits                                                                                |            |      |             |      |
| 1. Benefit obligation at beginning of year                                                         | \$         | \$   | \$          | \$   |
| 2. Service cost                                                                                    |            |      |             |      |
| 3. Interest cost                                                                                   |            |      |             |      |
| 4. Continuation by plan participants                                                               |            |      |             |      |
| 5. Actuarial gain (loss)                                                                           |            |      |             |      |
| 6. Foreign currency exchange rate changes                                                          |            |      |             |      |
| 7. Benefits paid                                                                                   |            |      |             |      |
| 8. Plan amendments                                                                                 |            |      |             |      |
| 9. Business combinations, divestitures, curtailments, settlements and special termination benefits |            |      |             |      |
| 10. Benefit obligation at end of year                                                              | \$         | \$   | \$          | \$   |
|                                                                                                    | Overfunded |      | Underfunded |      |
| b. Postretirement Benefits                                                                         | 2016       | 2015 | 2016        | 2015 |

**NOTES TO FINANCIAL STATEMENTS**

|     |                                                                                                 |    |    |    |    |
|-----|-------------------------------------------------------------------------------------------------|----|----|----|----|
| 1.  | Benefit obligation at beginning of year                                                         | \$ | \$ | \$ | \$ |
| 2.  | Service cost                                                                                    |    |    |    |    |
| 3.  | Interest cost                                                                                   |    |    |    |    |
| 4.  | Continuation by plan participants                                                               |    |    |    |    |
| 5.  | Actuarial gain (loss)                                                                           |    |    |    |    |
| 6.  | Foreign currency exchange rate changes                                                          |    |    |    |    |
| 7.  | Benefits paid                                                                                   |    |    |    |    |
| 8.  | Plan amendments                                                                                 |    |    |    |    |
| 9.  | Business combinations, divestitures, curtailments, settlements and special termination benefits |    |    |    |    |
| 10. | Benefit obligation at end of year                                                               | \$ | \$ | \$ | \$ |

|                                                    |                                                                                                 | Overfunded |      | Underfunded |      |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------|------------|------|-------------|------|
| c. Special or Contractual Benefits per SSAP No. 11 |                                                                                                 | 2016       | 2015 | 2016        | 2015 |
| 1.                                                 | Benefit obligation at beginning of year                                                         | \$         | \$   | \$          | \$   |
| 2.                                                 | Service cost                                                                                    |            |      |             |      |
| 3.                                                 | Interest cost                                                                                   |            |      |             |      |
| 4.                                                 | Continuation by plan participants                                                               |            |      |             |      |
| 5.                                                 | Actuarial gain (loss)                                                                           |            |      |             |      |
| 6.                                                 | Foreign currency exchange rate changes                                                          |            |      |             |      |
| 7.                                                 | Benefits paid                                                                                   |            |      |             |      |
| 8.                                                 | Plan amendments                                                                                 |            |      |             |      |
| 9.                                                 | Business combinations, divestitures, curtailments, settlements and special termination benefits |            |      |             |      |
| 10.                                                | Benefit obligation at end of year                                                               | \$         | \$   | \$          | \$   |

(2)

| Change in plan assets                                  | Pension Benefits |      | Postretirement Benefits |      | Special or Contractual Benefits per SSAP No. 11 |      |
|--------------------------------------------------------|------------------|------|-------------------------|------|-------------------------------------------------|------|
|                                                        | 2016             | 2015 | 2016                    | 2015 | 2016                                            | 2015 |
| a. Fair value of plan assets at beginning of year      | \$               | \$   | \$                      | \$   | \$                                              | \$   |
| b. Actual return on plan assets                        |                  |      |                         |      |                                                 |      |
| c. Foreign currency exchange rate changes              |                  |      |                         |      |                                                 |      |
| d. Reporting entity contribution                       |                  |      |                         |      |                                                 |      |
| e. Plan participants' contributions                    |                  |      |                         |      |                                                 |      |
| f. Benefits paid                                       |                  |      |                         |      |                                                 |      |
| g. Business combinations, divestitures and settlements |                  |      |                         |      |                                                 |      |
| h. Fair value of plan assets at end of year            | \$               | \$   | \$                      | \$   | \$                                              | \$   |

(3)

| Funded status                     | Pension Benefits |      | Postretirement Benefits |      |
|-----------------------------------|------------------|------|-------------------------|------|
|                                   | 2016             | 2015 | 2016                    | 2015 |
| <b>Overfunded:</b>                |                  |      |                         |      |
| a. Assets (nonadmitted)           |                  |      |                         |      |
| 1. Prepaid benefit costs          | \$               | \$   | \$                      | \$   |
| 2. Overfunded plans assets        |                  |      |                         |      |
| 3. Total assets (nonadmitted)     | \$               | \$   | \$                      | \$   |
| <b>Underfunded:</b>               |                  |      |                         |      |
| b. Liabilities recognized         |                  |      |                         |      |
| 1. Accrued benefits costs         | \$               | \$   | \$                      | \$   |
| 2. Liability for pension benefits |                  |      |                         |      |
| 3. Total liabilities recognized   | \$               | \$   | \$                      | \$   |
| c. Unrecognized liabilities       | \$               | \$   | \$                      | \$   |

(4)

| Components of net periodic benefit cost | Pension Benefits |      | Postretirement Benefits |      | Special or Contractual Benefits per SSAP No. 11 |      |
|-----------------------------------------|------------------|------|-------------------------|------|-------------------------------------------------|------|
|                                         | 2016             | 2015 | 2016                    | 2015 | 2016                                            | 2015 |
| a. Service cost                         | \$               | \$   | \$                      | \$   | \$                                              | \$   |
| b. Interest cost                        |                  |      |                         |      |                                                 |      |
| c. Expected return on plan assets       |                  |      |                         |      |                                                 |      |

**NOTES TO FINANCIAL STATEMENTS**

|    |                                                          |    |    |    |    |    |
|----|----------------------------------------------------------|----|----|----|----|----|
| d. | Transition asset or obligation                           |    |    |    |    |    |
| e. | Gains and losses                                         |    |    |    |    |    |
| f. | Prior service cost or credit                             |    |    |    |    |    |
| g. | Gain or loss recognized due to a settlements curtailment |    |    |    |    |    |
| h. | Total net periodic benefit cost                          | \$ | \$ | \$ | \$ | \$ |

|     |                                                                                             |                  |      |                         |      |
|-----|---------------------------------------------------------------------------------------------|------------------|------|-------------------------|------|
| (5) | Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost | Pension Benefits |      | Postretirement Benefits |      |
|     |                                                                                             | 2016             | 2015 | 2016                    | 2015 |
| a.  | Items not yet recognized as a component of net periodic cost – prior year                   | \$               | \$   | \$                      | \$   |
| b.  | Net transition asset or obligation recognized                                               |                  |      |                         |      |
| c.  | Net prior service cost or credit arising during the period                                  |                  |      |                         |      |
| d.  | Net prior service cost or credit recognized                                                 |                  |      |                         |      |
| e.  | Net gain and loss arising during the period                                                 |                  |      |                         |      |
| f.  | Net gain and loss recognized                                                                |                  |      |                         |      |
| g.  | Items not yet recognized as a component of net periodic cost – current year                 | \$               | \$   | \$                      | \$   |

|     |                                                                                                                                    |                  |      |                         |      |
|-----|------------------------------------------------------------------------------------------------------------------------------------|------------------|------|-------------------------|------|
| (6) | Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost | Pension Benefits |      | Postretirement Benefits |      |
|     |                                                                                                                                    | 2016             | 2015 | 2016                    | 2015 |
| a.  | Net transition asset or obligations                                                                                                | \$               | \$   | \$                      | \$   |
| b.  | Net prior service cost or credit                                                                                                   |                  |      |                         |      |
| c.  | Net recognized gains and losses                                                                                                    | \$               | \$   | \$                      | \$   |

|     |                                                                                                                    |                  |      |                         |      |
|-----|--------------------------------------------------------------------------------------------------------------------|------------------|------|-------------------------|------|
| (7) | Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost | Pension Benefits |      | Postretirement Benefits |      |
|     |                                                                                                                    | 2016             | 2015 | 2016                    | 2015 |
| a.  | Net transition asset or obligations                                                                                | \$               | \$   | \$                      | \$   |
| b.  | Net prior service cost or credit                                                                                   |                  |      |                         |      |
| c.  | Net recognized gains and losses                                                                                    | \$               | \$   | \$                      | \$   |

|     |                                                                                                |      |      |
|-----|------------------------------------------------------------------------------------------------|------|------|
| (8) | Weighted-average assumptions used to determine net periodic benefit cost as of December 31     | 2016 | 2015 |
| a.  | Weighted-average discount rate                                                                 | %    | %    |
| b.  | Expected long-term rate of return on plan assets                                               | %    | %    |
| c.  | Rate of compensation increase                                                                  | %    | %    |
|     | Weighted-average assumptions used to determine projected benefit obligations as of December 31 |      |      |
| d.  | Weighted-average discount rate                                                                 | %    | %    |
| e.  | Rate of compensation increase                                                                  | %    | %    |

(9) The amount of the accumulated benefit obligation for defined benefit pension plans was \$ \_\_\_\_\_ for the current year and \$ \_\_\_\_\_ for the prior year.

(10)

|      |                                                                                                                                                                                                                           |                             |                             |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| (11) | Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects: | 1 Percentage Point Increase | 1 Percentage Point Decrease |
| a.   | Effect on total of service and interest cost components                                                                                                                                                                   | \$                          | \$                          |
| b.   | Effect on postretirement benefit obligation                                                                                                                                                                               | \$                          | \$                          |

(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the year indicated:

|    |                   |        |
|----|-------------------|--------|
|    | Year(s)           | Amount |
| a. | 2017              | \$     |
| b. | 2018              | \$     |
| c. | 2019              | \$     |
| d. | 2020              | \$     |
| e. | 2021              | \$     |
| f. | 2022 through 20__ | \$     |

(13)

**NOTES TO FINANCIAL STATEMENTS**

- (14)
- (15)
- (16)
- (17)
- (18)
- (19)
- (20)
- (21)

**B. Investment Policies and Strategies**

**C. Fair Value of Plan Assets**

(1) **Fair Value Measurements of Plans Assets at Reporting Date**

| Description for each class of plan assets | (Level 1) | (Level 2) | (Level 3) | Total |
|-------------------------------------------|-----------|-----------|-----------|-------|
|                                           | \$        | \$        | \$        | \$    |
| <b>Total Plan Assets</b>                  | \$        | \$        | \$        | \$    |

(2) **Fair Value Measurements in Level 3 of the Fair Value Hierarchy**

| Description for each class of plan assets | Beginning Balance at 1/1/2016 | Transfers into Level 3 | Transfers out of Level 3 | Return on Assets Still Held | Return on Assets Sold | Purchases | Issuances | Sales | Settlements | Ending Balance at 12/31/2016 |
|-------------------------------------------|-------------------------------|------------------------|--------------------------|-----------------------------|-----------------------|-----------|-----------|-------|-------------|------------------------------|
|                                           | \$                            | \$                     | \$                       | \$                          | \$                    | \$        | \$        | \$    | \$          | \$                           |
| <b>Total Plan Assets</b>                  | \$                            | \$                     | \$                       | \$                          | \$                    | \$        | \$        | \$    | \$          | \$                           |

(3)

**D. Basis Used to Determine Expected Long-Term Rate-of-Return**

**E. Defined Contribution Plans**

**F. Multiemployer Plans**

**G. Consolidated/Holding Company Plans**

**H. Postemployment Benefits and Compensated Absences**

**I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)**

(1)

(2)

(3)

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

(1) None

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10) The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses is: \$

(11) The reporting entity issued the following surplus debentures or similar obligations:

| Date Issued  | Interest Rate | Par Value (Face Amount of Notes) | Carrying Value of Note* | Principal and/or Interest Paid Current Year | Total Principal and/or Interest Paid | Unapproved Principal and/or Interest | Date of Maturity |
|--------------|---------------|----------------------------------|-------------------------|---------------------------------------------|--------------------------------------|--------------------------------------|------------------|
|              | %             | \$                               | \$                      | \$                                          | \$                                   | \$                                   |                  |
| <b>Total</b> | XXX           | \$                               | \$                      | \$                                          | \$                                   | \$                                   | XXX              |

\* Total should agree with Page 3, Line 33.

(12) The impact of any restatement due to prior quasi-reorganizations is as follows:

**NOTES TO FINANCIAL STATEMENTS**

| Description (Year) | Change in Surplus | Change in Gross Paid in and Contributed Surplus |
|--------------------|-------------------|-------------------------------------------------|
|                    | \$                | \$                                              |

(13) The effective dates of all quasi-reorganizations in the prior 10 years are: \_\_\_\_\_

**Note 14 – Liabilities, Contingencies and Assessments**

**A. Contingent Commitments - None**

(1) Total SSAP No. 97, Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88, and SSAP No. 46, Joint Ventures, Partnerships and Limited Liability Company contingent liabilities: \$.

(2) Detail of other contingent commitments

| Nature and Circumstances of Guarantee and Key Attributes, Including Date and Duration of Agreement | Liability Recognition of Guarantee, (Including Amount Recognized at Inception. If no Initial Recognition, Document Exception Allowed Under SSAP No. 5R) | Ultimate Financial Statement Impact if Action under the Guarantee is Required | Maximum Potential Amount of Future Payments (Undiscounted) the Guarantor could be Required to make under the Guarantee. If unable to Develop an Estimate, this Should be Specifically Noted | Current Status of Payment or Performance Risk of Guarantee. Also Provide Additional Discussion as Warranted |
|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
|                                                                                                    | \$                                                                                                                                                      |                                                                               | \$                                                                                                                                                                                          |                                                                                                             |
| <b>Total</b>                                                                                       | \$                                                                                                                                                      | XXX                                                                           | \$                                                                                                                                                                                          | XXX                                                                                                         |

(3)

|    |                                                                                                                                                                                               |    |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| a. | Aggregate maximum potential of future payments of all guarantees (undiscounted) the guarantor could be required to make under guarantees. (Should equal the total of column 4 for (2) above.) | \$ |
| b. | Current liability recognized in F/S                                                                                                                                                           |    |
| 1. | Noncontingent liabilities                                                                                                                                                                     | \$ |
| 2. | Contingent liabilities                                                                                                                                                                        | \$ |
| c. | Ultimate financial statement impact if action under the guarantee is required                                                                                                                 |    |
| 1. | Investments in SCA                                                                                                                                                                            | \$ |
| 2. | Joint Venture                                                                                                                                                                                 |    |
| 3. | Dividends to stockholders (capital contribution)                                                                                                                                              |    |
| 4. | Expense                                                                                                                                                                                       |    |
| 5. | Other                                                                                                                                                                                         |    |
| 6. | Total (should equal (3)a)                                                                                                                                                                     | \$ |

**B. Assessments - None**

(1) Where Amount is Unknown

Where Amount is Known

(2)

|    |                                                                                                    |    |
|----|----------------------------------------------------------------------------------------------------|----|
| a. | Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year –end  | \$ |
| b. | Decreases current year:                                                                            | \$ |
| c. | Increases current year:                                                                            | \$ |
| d. | Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end | \$ |

**C. Gain Contingencies- None**

**D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - None**

Constellation Health, LLC paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits:

|                                                                          | Direct |
|--------------------------------------------------------------------------|--------|
| Claims related ECO and bad faith losses paid during the reporting period | \$     |

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period:

| (a)         | (b)          | (c)           | (d)            | (e)                  |
|-------------|--------------|---------------|----------------|----------------------|
| 0-25 Claims | 26-50 Claims | 51-100 Claims | 101-500 Claims | More than 500 Claims |
|             |              |               |                |                      |

Indicate whether claim count information is disclosed per claim or per claimant:

(f) Per Claim [ ] (g) Per Claimant [ ]

**E. Joint and Several Liabilities - None**

**F. All Other Contingencies - No significant changes.**

**Note 15 – Leases**

**A. Lessee Operating Lease**

(1)

**NOTES TO FINANCIAL STATEMENTS**

During the year ended December 31, 2016, the Company occupied its office administrative facilities under an operating sublease agreement.

On April 1, 2016, in agreement with the prime lessor, the Company renegotiated the lease directly with the Prime Landlord. The term of the lease is for a period of sixty-six (66) months commencing on April 1, 2016. The basic monthly rent of the agreement is \$20,625 for the first thirty (30) months, \$22,688 for the next twelve (12) months, and \$22,000 for the last twenty-four (24) months.

The lease agreement includes a monthly rent credit amounting to \$2,744 that commences in April 1, 2016 and ends September 30, 2017. Such credit can be deducted if the Company is not in default of the lease contract.

Total minimum lease payments, excluding rent credits, subsequent to December 31, 2016 are as follows:

|                                                                                |                         |                  |
|--------------------------------------------------------------------------------|-------------------------|------------------|
| a. At January 1, 2017 the minimum aggregate rental commitments are as follows: |                         |                  |
|                                                                                | Year Ending December 31 | Operating Leases |
| 1.                                                                             | 2017                    | \$ 247,500       |
| 2.                                                                             | 2018                    | \$ 253,688       |
| 3.                                                                             | 2019                    | \$ 270,187       |
| 4.                                                                             | 2020                    | \$ 264,000       |
| 5.                                                                             | Thereafter              | \$ 198,000       |
| 6.                                                                             | Total                   | \$ 1,419,000     |

**B. Revenue, Net Income or Assets with Respect to Leases**  
None.

(1) For operating leases:

- a.
- b.

|                                                                                                                        |                         |                  |
|------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------|
| c. Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31 are as follows: |                         |                  |
|                                                                                                                        | Year Ending December 31 | Operating Leases |
| 1.                                                                                                                     | 2017                    | \$               |
| 2.                                                                                                                     | 2018                    | \$               |
| 3.                                                                                                                     | 2019                    | \$               |
| 4.                                                                                                                     | 2020                    | \$               |
| 5.                                                                                                                     | 2021                    | \$               |
| 6.                                                                                                                     | Total                   | \$               |

(d)

(2) For leveraged leases:

- (a)
- (b)

|                                                                                   | 2016 | 2015 |
|-----------------------------------------------------------------------------------|------|------|
| 1. Income from leveraged leases before income tax including investment tax credit | \$   | \$   |
| 2. Less current income tax                                                        |      |      |
| 3. Net income from leveraged leases                                               | \$   | \$   |

(c) The components of the investment in leveraged leases at December 31, 2016 and 2015 were as shown below:

|                                                                                         | 2016 | 2015 |
|-----------------------------------------------------------------------------------------|------|------|
| 1. Lease contracts receivable (net of principal and interest on non-recourse financing) | \$   | \$   |
| 2. Estimated residual value of leased assets                                            |      |      |
| 3. Unearned and deferred income                                                         |      |      |
| 4. Investment in leveraged leases                                                       |      |      |
| 5. Deferred income taxes related to leveraged leases                                    |      |      |
| 6. Net investment in leveraged leases                                                   | \$   | \$   |

**Note 16 – Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**  
None

1. The table below summarizes the face amount of the Company's financial instruments with off-balance sheet risk:

|          | Assets |      | Liabilities |      |
|----------|--------|------|-------------|------|
|          | 2016   | 2015 | 2016        | 2015 |
| a. Swaps | \$     | \$   | \$          | \$   |

**NOTES TO FINANCIAL STATEMENTS**

|    |         |    |    |    |    |
|----|---------|----|----|----|----|
| b. | Futures |    |    |    |    |
| c. | Options |    |    |    |    |
| d. | Total   | \$ | \$ | \$ | \$ |

- 2.
- 3.
- 4.

**Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**  
None

A. Transfers of Receivables Reported as Sales

- (1)
- (2)

B. Transfer and Servicing of Financial Assets

- (1)
- (2)
- (3)
- (4)
- (5)
- (6)
- (7)

C. Wash Sales

- (1)
- (2) The details by NAIC designation 3 or below, or unrated of securities sold during the year ended December 31, 2016 and reacquired within 30 days of the sale date are:

| Description | NAIC Designation | Number of Transactions | Book Value of Securities Sold | Cost of Securities Repurchased | Gain/(Loss) |
|-------------|------------------|------------------------|-------------------------------|--------------------------------|-------------|
|             |                  |                        | \$                            | \$                             | \$          |

**Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Portion of Partially Insured Plans**  
None

A. ASO Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during 2016:

|                                                                                                               | ASO Uninsured Plans | Uninsured Portion of Partially Insured Plans | Total ASO |
|---------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------------------|-----------|
| a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses | \$                  | \$                                           | \$        |
| b. Total net other income or expenses (including interest paid to or received from plans)                     |                     |                                              |           |
| c. Net gain or (loss) from operations                                                                         |                     |                                              |           |
| d. Total claim payment volume                                                                                 | \$                  | \$                                           | \$        |

B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 2016:

|                                                                                 | ASC Uninsured Plans | Uninsured Portion of Partially Insured Plans | Total ASC |
|---------------------------------------------------------------------------------|---------------------|----------------------------------------------|-----------|
| a. Gross reimbursement for medical cost incurred                                | \$                  | \$                                           | \$        |
| b. Gross administrative fees accrued                                            |                     |                                              |           |
| c. Other income or expenses (including interest paid to or received from plans) |                     |                                              |           |
| d. Gross expenses incurred (claims and administrative)                          |                     |                                              |           |
| e. Total net gain or loss from operations                                       | \$                  | \$                                           | \$        |

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

- (1)
- (2)
- (3)

**NOTES TO FINANCIAL STATEMENTS**

(4)

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

None

| Name and Address of Managing General Agent or Third Party Administrator | FEIN Number | Exclusive Contract | Types of Business Written | Types of Authority Granted | Total Direct Premiums Written/Produced By |
|-------------------------------------------------------------------------|-------------|--------------------|---------------------------|----------------------------|-------------------------------------------|
|                                                                         | XXX         | XXX                | XXX                       | XXX                        | \$                                        |
| <b>Total</b>                                                            |             |                    |                           |                            | \$                                        |

**Note 20 – Fair Value Measurements**

A.

(1) Fair Value Measurements at Reporting Date

| Assets at Fair Value | Level 1 | Level 2 | Level 3 | Total |
|----------------------|---------|---------|---------|-------|
|                      | \$      | \$      | \$      | \$    |
| <b>Total</b>         | \$      | \$      | \$      | \$    |

| Liabilities at Fair Value | Level 1 | Level 2 | Level 3 | Total |
|---------------------------|---------|---------|---------|-------|
|                           | \$      | \$      | \$      | \$    |
| <b>Total</b>              | \$      | \$      | \$      | \$    |

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

|                  | Beginning Balance at 1/1/2016 | Transfers Into Level 3 | Transfers Out of Level 3 | Total Gains and (Losses) Included in Net Income | Total Gains and (Losses) Included in Surplus | Purchases | Issuances | Sales | Settlements | Ending Balance at 12/31/2016 |
|------------------|-------------------------------|------------------------|--------------------------|-------------------------------------------------|----------------------------------------------|-----------|-----------|-------|-------------|------------------------------|
| <b>a. Assets</b> | \$                            | \$                     | \$                       | \$                                              | \$                                           | \$        | \$        | \$    | \$          | \$                           |
| <b>Total</b>     | \$                            | \$                     | \$                       | \$                                              | \$                                           | \$        | \$        | \$    | \$          | \$                           |

|                       | Beginning Balance at 1/1/2016 | Transfers Into Level 3 | Transfers Out of Level 3 | Total Gains and (Losses) Included in Net Income | Total Gains and (Losses) Included in Surplus | Purchases | Issuances | Sales | Settlements | Ending Balance at 12/31/2016 |
|-----------------------|-------------------------------|------------------------|--------------------------|-------------------------------------------------|----------------------------------------------|-----------|-----------|-------|-------------|------------------------------|
| <b>b. Liabilities</b> | \$                            | \$                     | \$                       | \$                                              | \$                                           | \$        | \$        | \$    | \$          | \$                           |
| <b>Total</b>          | \$                            | \$                     | \$                       | \$                                              | \$                                           | \$        | \$        | \$    | \$          | \$                           |

(3)

(4)

(5)

B.

C.

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Not Practicable (Carrying Value) |
|------------------------------|----------------------|-----------------|-----------|-----------|-----------|----------------------------------|
|                              | \$                   | \$              | \$        | \$        | \$        | \$                               |

D. Not Practicable to Estimate Fair Value

| Type of Class or Financial Instrument | Carrying Value | Effective Interest Rate | Maturity Date | Explanation |
|---------------------------------------|----------------|-------------------------|---------------|-------------|
|                                       | \$             | %                       |               |             |

**Note 21 – Other Items**

None

A. Unusual or Infrequent Items

B. Troubled Debt Restructuring Debtors

C. Other Disclosures

D. Business Interruption Insurance Recoveries

E. State Transferable and Non-Transferable Tax Credits

(1) Carrying Value of Transferable and Non-Transferable State Tax Credits Gross of any Related Tax Liabilities and Total Unused Transferable and Non-Transferable State Tax Credits by State and in Total

| Description of State Transferable and Non-Transferable Tax Credits | State | Carrying Value | Unused Amount |
|--------------------------------------------------------------------|-------|----------------|---------------|
|                                                                    |       | \$             | \$            |
| <b>Total</b>                                                       |       | \$             | \$            |

(2) Method of Estimating Utilization of Remaining Transferable and Non-Transferable State Tax Credits

(3) Impairment Loss

**NOTES TO FINANCIAL STATEMENTS**

(4) State Tax Credits Admitted and Nonadmitted

|                     | Total Admitted | Total Nonadmitted |
|---------------------|----------------|-------------------|
| a. Transferable     | \$             | \$                |
| b. Non-Transferable | \$             | \$                |

F. Subprime Mortgage Related Risk Exposure

(1)

(2) Direct Exposure Through Investments in Subprime Mortgage Loans

|                                            | Book/Adjusted Carrying Value (Excluding Interest) | Fair Value | Value of Land and Buildings | Other-Than-Temporary Impairment Losses Recognized | Default Rate |
|--------------------------------------------|---------------------------------------------------|------------|-----------------------------|---------------------------------------------------|--------------|
| a. Mortgages in the process of foreclosure | \$                                                | \$         | \$                          | \$                                                | %            |
| b. Mortgages in good standing              |                                                   |            |                             |                                                   | %            |
| c. Mortgages with restored terms           |                                                   |            |                             |                                                   | %            |
| d. Total                                   | \$                                                | \$         | \$                          | \$                                                | XXX          |

(3) Direct Exposure Through Other Investments

|                                           | Actual Cost | Book/Adjusted Carrying Value (Excluding Interest) | Fair Value | Other-Than-Temporary Impairment Losses Recognized |
|-------------------------------------------|-------------|---------------------------------------------------|------------|---------------------------------------------------|
| a. Residential mortgage backed securities | \$          | \$                                                | \$         | \$                                                |
| b. Commercial mortgage backed securities  |             |                                                   |            |                                                   |
| c. Collateralized debt obligations        |             |                                                   |            |                                                   |
| d. Structured securities                  |             |                                                   |            |                                                   |
| e. Equity Investments in SCAs*            |             |                                                   |            |                                                   |
| f. Other assets                           |             |                                                   |            |                                                   |
| g. Total                                  | \$          | \$                                                | \$         | \$                                                |

\* These investments comprise % of the company's invested assets.

(4) Underwriting Exposure to Subprime Mortgage Risk Through Mortgage Guaranty or Financial Guaranty Insurance Coverage

|                                | Losses Paid in the Current Year | Losses Incurred in the Current Year | Case Reserves at end of Current Period | IBNR Reserves at End of Current Period |
|--------------------------------|---------------------------------|-------------------------------------|----------------------------------------|----------------------------------------|
| a. Mortgage guaranty coverage  | \$                              | \$                                  | \$                                     | \$                                     |
| b. Financial guaranty coverage |                                 |                                     |                                        |                                        |
| c. Other lines (specify):      |                                 |                                     |                                        |                                        |
| d. Total                       | \$                              | \$                                  | \$                                     | \$                                     |

G. Retained Assets

(1)

(2)

|                    | As of End of Current Year        |         | In Force<br>As of End of Prior Year |         |
|--------------------|----------------------------------|---------|-------------------------------------|---------|
|                    | Number                           | Balance | Number                              | Balance |
|                    | a. Up to and including 12 months | \$      | \$                                  | \$      |
| b. 13 to 24 months |                                  |         |                                     |         |
| c. 25 to 36 months |                                  |         |                                     |         |
| d. 37 to 48 months |                                  |         |                                     |         |
| e. 49 to 60 months |                                  |         |                                     |         |
| f. Over 60 months  |                                  |         |                                     |         |
| g. Total           | \$                               | \$      | \$                                  | \$      |

(3)

|                                                                                                        | Individual |                | Group  |                |
|--------------------------------------------------------------------------------------------------------|------------|----------------|--------|----------------|
|                                                                                                        | Number     | Balance/Amount | Number | Balance/Amount |
| a. Number/balance of retained asset account at the beginning of the year                               |            | \$             |        | \$             |
| b. Number/amount of retained asset accounts issued/added during the year                               |            |                |        |                |
| c. Investment earnings credited to retained asset accounts during the year                             | N/A        |                | N/A    |                |
| d. Fees and other charges assessed to retained asset accounts during the year                          | N/A        |                | N/A    |                |
| e. Number/amount of retained asset accounts transfer to state unclaimed property funds during the year |            |                |        |                |
| f. Number/amount of retained asset accounts closed/withdrawn during the year                           |            |                |        |                |
| g. Number balance of retained asset accounts at the end of the year                                    |            | \$             |        | \$             |

H. Insurance-Linked Securities (ILS) Contracts

**NOTES TO FINANCIAL STATEMENTS**

| Management of Risk Related to: |                                  | Number of Outstanding ILS Contracts | Aggregate Maximum Proceeds |
|--------------------------------|----------------------------------|-------------------------------------|----------------------------|
| (1)                            | Directly-Written Insurance Risks |                                     |                            |
| a.                             | ILS Contracts as Issuer          |                                     | \$                         |
| b.                             | ILS Contracts as Ceding Insurer  |                                     | \$                         |
| c.                             | ILS Contracts as Counterparty    |                                     | \$                         |
| (2)                            | Assumed Insurance Risks          |                                     |                            |
| a.                             | ILS Contracts as Issuer          |                                     | \$                         |
| b.                             | ILS Contracts as Ceding Insurer  |                                     | \$                         |
| c.                             | ILS Contracts as Counterparty    |                                     | \$                         |

**Note 22 – Events Subsequent**

No significant changes.

A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)? Yes [ ] No [ ]

B. ACA fee assessment payable for the upcoming year \$ \$

C. ACA fee assessment paid

D. Premium written subject to ACA 9010 assessment

E. Total adjusted capital before surplus adjustment (Five-Year Historical Line 14)

F. Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)

G. Authorized control level (Five-Year Historical Line 15) \$

H. Would reporting the ACA assessment as of December 31, 2016 have triggered an RBC action level (YES/NO)? Yes [ ] No [ ]

**Note 23 – Reinsurance**

None

**A. Ceded Reinsurance Report**

**Section 1 – General Interrogatories**

- (1) Are any of the reinsurers listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

**Section 2 – Ceded Reinsurance Report – Part A**

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?
  - a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. \$ \_\_\_\_\_
  - b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? \$ \_\_\_\_\_
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

**Section 3 – Ceded Reinsurance Report – Part B**

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$ \_\_\_\_\_
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?
  - If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$ \_\_\_\_\_

**B. Uncollectible Reinsurance**

(1) Constellation Health, LLC has written off in the current year reinsurance balances due from the entities listed below, the amount of: \$

|    |                                     |        |
|----|-------------------------------------|--------|
| a. | Claims incurred                     | \$     |
| b. | Claims adjustment expenses incurred |        |
| c. | Premiums earned                     |        |
| d. | Other                               |        |
|    | Entity                              | Amount |
|    |                                     | \$     |

**C. Commutation of Ceded Reinsurance**

**NOTES TO FINANCIAL STATEMENTS**

Constellation Health, LLC has reported in its operations in the current year as a result of commutation of reinsurance with the companies listed below, amounts that are reflected as:

|     |                                     |        |
|-----|-------------------------------------|--------|
| (1) | Claims incurred                     | \$     |
| (2) | Claims adjustment expenses incurred |        |
| (3) | Premiums earned                     |        |
| (4) | Other                               |        |
|     | Entity                              | Amount |

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

(1) Reporting Entity Ceding to Certified Reinsurer Whose Rating was Downgraded or Status Subject to Revocation

a.

| Name of Certified Reinsurer | Relationship to Reporting Entity | Date of Action | Jurisdiction of Action | Before | After | Net Obligation Subject to Collateral | Collateral Required (But Not Received) |
|-----------------------------|----------------------------------|----------------|------------------------|--------|-------|--------------------------------------|----------------------------------------|
|                             |                                  |                |                        | %      | %     | \$                                   | \$                                     |

(2) Reporting Entity's Certified Reinsurer Rating Downgraded or Status Subject to Revocation

a.

| Date of Action | Jurisdiction of Action | Before | After | Net Obligation Subject to Collateral | Collateral Required (But Not Received) |
|----------------|------------------------|--------|-------|--------------------------------------|----------------------------------------|
|                |                        | %      | %     | \$                                   | \$                                     |

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

None

A.

B.

C.

D.

Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act.

|                                         | 1          | 2                    | 3                    | 4                             | 5     |
|-----------------------------------------|------------|----------------------|----------------------|-------------------------------|-------|
|                                         | Individual | Small Group Employer | Large Group Employer | Other Categories with Rebates | Total |
| <b>Prior Reporting Year</b>             |            |                      |                      |                               |       |
| (1) Medical loss ratio rebates incurred | \$         | \$                   | \$                   | \$                            | \$    |
| (2) Medical loss ratio rebates paid     |            |                      |                      |                               |       |
| (3) Medical loss ratio rebates unpaid   |            |                      |                      |                               |       |
| (4) Plus reinsurance assumed amounts    | XXX        | XXX                  | XXX                  | XXX                           |       |
| (5) Less reinsurance ceded amounts      | XXX        | XXX                  | XXX                  | XXX                           |       |
| (6) Rebates unpaid net of reinsurance   | XXX        | XXX                  | XXX                  | XXX                           |       |
| <b>Current Reporting Year-to-Date</b>   |            |                      |                      |                               |       |
| (7) Medical loss ratio rebates incurred | \$         | \$                   | \$                   | \$                            | \$    |
| (8) Medical loss ratio rebates paid     |            |                      |                      |                               |       |
| (9) Medical loss ratio rebates unpaid   |            |                      |                      |                               |       |
| (10) Plus reinsurance assumed amounts   | XXX        | XXX                  | XXX                  | XXX                           |       |
| (11) Less reinsurance ceded amounts     | XXX        | XXX                  | XXX                  | XXX                           |       |
| (12) Rebates unpaid net of reinsurance  | XXX        | XXX                  | XXX                  | XXX                           |       |

E. Risk Sharing Provisions of the Affordable Care Act

(1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions

Yes [ ] No [ ]

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

|                                                                                                                    | AMOUNT |
|--------------------------------------------------------------------------------------------------------------------|--------|
| <b>a. Permanent ACA Risk Adjustment Program</b>                                                                    |        |
| <b>Assets</b>                                                                                                      |        |
| 1. Premium adjustments receivable due to ACA Risk Adjustment                                                       | \$     |
| <b>Liabilities</b>                                                                                                 |        |
| 2. Risk adjustment user fees payable for ACA Risk Adjustment                                                       |        |
| 3. Premium adjustments payable due to ACA Risk Adjustment                                                          |        |
| <b>Operations (Revenue &amp; Expenses)</b>                                                                         |        |
| 4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment |        |
| 5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)                                           | \$     |
| <b>b. Transitional ACA Reinsurance Program</b>                                                                     |        |
| <b>Assets</b>                                                                                                      |        |
| 1. Amounts recoverable for claims paid due to ACA Reinsurance                                                      | \$     |
| 2. Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)                                 |        |
| 3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance                            |        |
| <b>Liabilities</b>                                                                                                 |        |
| 4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium                    |        |
| 5. Ceded reinsurance premiums payable due to ACA Reinsurance                                                       |        |

**NOTES TO FINANCIAL STATEMENTS**

|                                         |                                                                                                |    |
|-----------------------------------------|------------------------------------------------------------------------------------------------|----|
| 6.                                      | Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance           | \$ |
| Operations (Revenue & Expenses)         |                                                                                                |    |
| 7.                                      | Ceded reinsurance premiums due to ACA Reinsurance                                              | \$ |
| 8.                                      | Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments |    |
| 9.                                      | ACA Reinsurance contributions – not reported as ceded premium                                  | \$ |
| c. Temporary ACA Risk Corridors Program |                                                                                                |    |
| Assets                                  |                                                                                                |    |
| 1.                                      | Accrued retrospective premium due to ACA Risk Corridors                                        | \$ |
| Liabilities                             |                                                                                                |    |
| 2.                                      | Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors         |    |
| Operations (Revenue & Expenses)         |                                                                                                |    |
| 3.                                      | Effect of ACA Risk Corridors on net premium income (paid/received)                             |    |
| 4.                                      | Effect of ACA Risk Corridors on change in reserves for rate credits                            | \$ |

(3) Roll forward of prior year ACA Risk Sharing Provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance:

|                                                 | Accrued During the Prior Year on Business Written Before December 31 of the Prior Year        |           | Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year |           | Differences                                 |                                             | Adjustments            |                        | Unsettled Balances as of the Reporting Date      |                                                  |           |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------|--------------------------------------------------------------------------------------------------|-----------|---------------------------------------------|---------------------------------------------|------------------------|------------------------|--------------------------------------------------|--------------------------------------------------|-----------|
|                                                 | 1                                                                                             | 2         | 3                                                                                                | 4         | Prior Year Accrued Less Payments (Col. 1-3) | Prior Year Accrued Less Payments (Col. 2-4) | To Prior Year Balances | To Prior Year Balances | Cumulative Balance from Prior Years (Col. 1-3+7) | Cumulative Balance from Prior Years (Col. 2-4+8) |           |
|                                                 | Receivable                                                                                    | (Payable) | Receivable                                                                                       | (Payable) | Receivable                                  | (Payable)                                   | Receivable             | (Payable)              | Ref                                              | Receivable                                       | (Payable) |
| <b>a. Permanent ACA Risk Adjustment Program</b> |                                                                                               |           |                                                                                                  |           |                                             |                                             |                        |                        |                                                  |                                                  |           |
| 1.                                              | Premium adjustments receivable                                                                | \$        | \$                                                                                               | \$        | \$                                          | \$                                          | \$                     | \$                     | A                                                | \$                                               | \$        |
| 2.                                              | Premium adjustments payable                                                                   |           |                                                                                                  |           |                                             |                                             |                        |                        | B                                                |                                                  |           |
| 3.                                              | Subtotal ACA Permanent Risk Adjustment Program                                                | \$        | \$                                                                                               | \$        | \$                                          | \$                                          | \$                     | \$                     |                                                  | \$                                               | \$        |
| <b>b. Transitional ACA Reinsurance Program</b>  |                                                                                               |           |                                                                                                  |           |                                             |                                             |                        |                        |                                                  |                                                  |           |
| 1.                                              | Amounts recoverable for claims paid                                                           | \$        | \$                                                                                               | \$        | \$                                          | \$                                          | \$                     | \$                     | C                                                | \$                                               | \$        |
| 2.                                              | Amounts recoverable for claims unpaid (contra liability)                                      |           |                                                                                                  |           |                                             |                                             |                        |                        | D                                                |                                                  |           |
| 3.                                              | Amounts receivable relating to uninsured plans                                                |           |                                                                                                  |           |                                             |                                             |                        |                        | E                                                |                                                  |           |
| 4.                                              | Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premiums |           |                                                                                                  |           |                                             |                                             |                        |                        | F                                                |                                                  |           |
| 5.                                              | Ceded reinsurance premiums payable                                                            |           |                                                                                                  |           |                                             |                                             |                        |                        | G                                                |                                                  |           |
| 6.                                              | Liability for amounts held under uninsured plans                                              |           |                                                                                                  |           |                                             |                                             |                        |                        | H                                                |                                                  |           |
| 7.                                              | Subtotal ACA Transitional Reinsurance Program                                                 | \$        | \$                                                                                               | \$        | \$                                          | \$                                          | \$                     | \$                     |                                                  | \$                                               | \$        |
| <b>c. Temporary ACA Risk Corridors Program</b>  |                                                                                               |           |                                                                                                  |           |                                             |                                             |                        |                        |                                                  |                                                  |           |
| 1.                                              | Accrued retrospective premium                                                                 | \$        | \$                                                                                               | \$        | \$                                          | \$                                          | \$                     | \$                     | I                                                | \$                                               | \$        |
| 2.                                              | Reserve for rate credits or policy experience rating refunds                                  |           |                                                                                                  |           |                                             |                                             |                        |                        | J                                                |                                                  |           |
| 3.                                              | Subtotal ACA Risk Corridors Program                                                           |           |                                                                                                  |           |                                             |                                             |                        |                        |                                                  |                                                  |           |
| d.                                              | Total for ACA Risk Sharing Provisions                                                         | \$        | \$                                                                                               | \$        | \$                                          | \$                                          | \$                     | \$                     |                                                  | \$                                               | \$        |

Explanations of Adjustments

- A.
- B.
- C.
- D.
- E.
- F.
- G.
- H.
- I.
- J.

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

|                | Accrued During the Prior Year on Business Written Before December 31 of the Prior Year |           | Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year |           | Differences                                 |                                             | Adjustments            |                        | Unsettled Balances as of the Reporting Date      |                                                  |           |
|----------------|----------------------------------------------------------------------------------------|-----------|--------------------------------------------------------------------------------------------------|-----------|---------------------------------------------|---------------------------------------------|------------------------|------------------------|--------------------------------------------------|--------------------------------------------------|-----------|
|                | 1                                                                                      | 2         | 3                                                                                                | 4         | Prior Year Accrued Less Payments (Col. 1-3) | Prior Year Accrued Less Payments (Col. 2-4) | To Prior Year Balances | To Prior Year Balances | Cumulative Balance from Prior Years (Col. 1-3+7) | Cumulative Balance from Prior Years (Col. 2-4+8) |           |
|                | Receivable                                                                             | (Payable) | Receivable                                                                                       | (Payable) | Receivable                                  | (Payable)                                   | Receivable             | (Payable)              | Ref                                              | Receivable                                       | (Payable) |
| <b>a. 2014</b> |                                                                                        |           |                                                                                                  |           |                                             |                                             |                        |                        |                                                  |                                                  |           |
| 1.             | Accrued retrospective premium                                                          | \$        | \$                                                                                               | \$        | \$                                          | \$                                          | \$                     | \$                     | A                                                | \$                                               | \$        |
| 2.             | Reserve for rate                                                                       |           |                                                                                                  |           |                                             |                                             |                        |                        | B                                                |                                                  |           |



**NOTES TO FINANCIAL STATEMENTS**

|            |         |  |  |  |  |
|------------|---------|--|--|--|--|
| 12/31/2014 | 192,350 |  |  |  |  |
|------------|---------|--|--|--|--|

**B. Risk Sharing Receivables**

| Calendar Year | Evaluation Period Year Ending | Risk Sharing Receivable as Estimated in the Prior Year | Risk Sharing Receivable as Estimated in the Current Year | Risk Sharing Receivable Billed | Risk Sharing Receivable Not Yet Billed | Actual Risk Sharing Amounts Received in Year Billed | Actual Risk Sharing Amounts Received First Year Subsequent | Actual Risk Sharing Amounts Received Second Year Subsequent | Actual Risk Sharing Amounts Received - All Other |
|---------------|-------------------------------|--------------------------------------------------------|----------------------------------------------------------|--------------------------------|----------------------------------------|-----------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------|
| 0             | 0                             | \$                                                     | \$                                                       | \$                             | \$                                     | \$                                                  | \$                                                         | \$                                                          | \$                                               |

**Note 29 – Participating Policies**

No significant changes.

**Note 30 – Premium Deficiency Reserves**

- Liability carried for premium deficiency reserve: None required. \$
- Date of most recent evaluation of this liability: 3/2017
- Was anticipated investment income utilized in the calculation? Yes [ ] No [x]

**Note 31 – Anticipated Salvage and Subrogation**

None

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

#### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes | No [X]  
If yes, complete Schedule Y, Parts 1, 1A and 2.
- 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 | No | N/A [X]
- 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 | No [X]
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. \_\_\_\_\_
- 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. \_\_\_\_\_
- 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). \_\_\_\_\_
- 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 [X] No | N/A |
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No | N/A |
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes | No [X]
- 4.12 renewals? Yes | No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes | No [X]
- 4.22 renewals? Yes | No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes | No [X]
- 5.2 If yes, provide the name of entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1<br>Name of Entity | 2<br>NAIC<br>Company<br>Code | 3<br>State of<br>Domicile |
|---------------------|------------------------------|---------------------------|
|                     |                              |                           |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes | No [X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes | No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control \_\_\_\_\_ %
- 7.22 State the nationality(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<br>Nationality | 2<br>Type of Entity |
|------------------|---------------------|
|                  |                     |
- 8.1 Is the company a subsidiary of a bank holding company regulated with 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 locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency (i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)) and identify the affiliate's primary federal regulator.
- | 1<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
|                     |                             |          |          |           |          |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
FPV & GALINDEZ CPAs, PSC, No. 19 Ponce Street, Urb. Pérez Moris, San Juan, Puerto Rico 00917.
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes | No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes | No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No | N/A |
- 10.6 If the response to 10.5 is no or n/a, please explain:

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

11. What is the name, address and affiliation (office/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Juan Kelly Orinda, CA Actuary
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes  No  X
- 12.11 Name of real estate holding company \_\_\_\_\_
- 12.12 Number of parcels involved \_\_\_\_\_
- 12.13 Total book/adjusted carrying value \$ \_\_\_\_\_
- 12.2 If yes, provide explanation \_\_\_\_\_
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? \_\_\_\_\_
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes  X No  |
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes  | No  X
- 13.4 If answer to (13.3) is yes, has the domiciliary or entity state approved the changes? Yes  | No  | N/A  X
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes  X No  |
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain: \_\_\_\_\_
- 14.2 Has the code of ethics for senior managers been amended? Yes  | No  X
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s). \_\_\_\_\_
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes  | No  X
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s) \_\_\_\_\_
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes  | No  X
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

**BOARD OF DIRECTORS**

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

**FINANCIAL**

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

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

#### INVESTMENT

24.01 Were all of stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes  No

24.02 If no, give full and complete information, relating thereto:

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

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

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

24.06 If answer to 24.04 is no, report amount of collateral for other programs \$ \_\_\_\_\_

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

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

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

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 current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes  No

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

25.21 Subject to repurchase agreements \$ \_\_\_\_\_ 0

25.22 Subject to reverse repurchase agreements \$ \_\_\_\_\_ 0

25.23 Subject to dollar repurchase agreements \$ \_\_\_\_\_ 0

25.24 Subject to reverse dollar repurchase agreements \$ \_\_\_\_\_ 0

25.25 Placed under option agreements \$ \_\_\_\_\_ 0

25.26 Letter stock or securities restricted as 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<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|----------------------------|------------------|-------------|
|                            |                  | \$ _____    |

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

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

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

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

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

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

| 1<br>Name of Custodian(s) | 2<br>Custodian's Address |
|---------------------------|--------------------------|
|                           |                          |

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

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

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

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

28.05 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such: "\_\_\_\_\_" that have access to the investment accounts, "\_\_\_\_\_" handle securities.

| 1<br>Name of Firm or Individual | 2<br>Affiliation |
|---------------------------------|------------------|
|                                 |                  |

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

- 28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes  No
- 28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes  No

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

| 1                                      | 2                          | 3                             | 4               | 5                                           |
|----------------------------------------|----------------------------|-------------------------------|-----------------|---------------------------------------------|
| Central Registration Depository Number | Name of Firm or Individual | Legal Entity Identifier (LEI) | Registered With | Investment Management Agreement (IMA) Filed |

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

29.2 If yes, complete the following schedule:

| 1<br>CUSIP    | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted Carrying Value |
|---------------|--------------------------|-----------------------------------|
|               |                          |                                   |
| 29.2999 TOTAL |                          |                                   |

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

| 1<br>Name of Mutual Fund<br>(from above table) | 2<br>Name of Significant Holding<br>of the Mutual Fund | 3<br>Amount of Mutual Fund's<br>Book/Adjusted Carrying<br>Value Attributable to the<br>Holding | 4<br>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<br>Statement (Admitted) Value | 2<br>Fair Value | 3<br>Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|-----------------------|---------------------------------|-----------------|--------------------------------------------------------------------------------|
| 30.1 Bonds            | 0                               | 0               | 0                                                                              |
| 30.2 Preferred Stocks | 0                               | 0               | 0                                                                              |
| 30.3 Totals           | 0                               | 0               | 0                                                                              |

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

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes  No
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes  No
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes  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<br>Name | 2<br>Amount Paid |
|-----------|------------------|
|           | \$               |

34.1 Amount of payments for legal expenses, if any? \$ 10,624

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

| 1<br>Name                    | 2<br>Amount Paid |
|------------------------------|------------------|
| José E. Martino, Esq., LL.M. | \$ 7,137         |
| Rios Gautier & Cestero, CSP  | 3,487            |

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

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

| 1<br>Name | 2<br>Amount Paid |
|-----------|------------------|
|           | \$               |

**GENERAL INTERROGATORIES**

**PART 2 – HEALTH INTERROGATORIES**

|      |                                                                                                                                                                                                                                                                                                        |                   |                                                                       |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------------------------------------------------|
| 1.1  | Does the reporting entity have any direct Medicare Supplement Insurance in force?                                                                                                                                                                                                                      |                   | Yes <input type="checkbox"/>   No <input checked="" type="checkbox"/> |
| 1.2  | If yes, indicate premium earned on U.S. business only.                                                                                                                                                                                                                                                 | \$                | 0                                                                     |
| 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.                                                                                                                                                                                                                                   | \$                | 0                                                                     |
| 1.6  | Individual policies:                                                                                                                                                                                                                                                                                   |                   |                                                                       |
|      | Most current three years:                                                                                                                                                                                                                                                                              |                   |                                                                       |
| 1.61 | Total premium earned                                                                                                                                                                                                                                                                                   | \$                | 0                                                                     |
| 1.62 | Total incurred claims                                                                                                                                                                                                                                                                                  | \$                | 0                                                                     |
| 1.63 | Number of covered lives                                                                                                                                                                                                                                                                                | \$                | 0                                                                     |
|      | All years prior to most current three years:                                                                                                                                                                                                                                                           |                   |                                                                       |
| 1.64 | Total premium earned                                                                                                                                                                                                                                                                                   | \$                | 0                                                                     |
| 1.65 | Total incurred claims                                                                                                                                                                                                                                                                                  | \$                | 0                                                                     |
| 1.66 | Number of covered lives                                                                                                                                                                                                                                                                                | \$                | 0                                                                     |
| 1.7  | Group policies:                                                                                                                                                                                                                                                                                        |                   |                                                                       |
|      | Most current three years:                                                                                                                                                                                                                                                                              |                   |                                                                       |
| 1.71 | Total premium earned                                                                                                                                                                                                                                                                                   | \$                | 0                                                                     |
| 1.72 | Total incurred claims                                                                                                                                                                                                                                                                                  | \$                | 0                                                                     |
| 1.73 | Number of covered lives                                                                                                                                                                                                                                                                                | \$                | 0                                                                     |
|      | All years prior to most current three years:                                                                                                                                                                                                                                                           |                   |                                                                       |
| 1.74 | Total premium earned                                                                                                                                                                                                                                                                                   | \$                | 0                                                                     |
| 1.75 | Total incurred claims                                                                                                                                                                                                                                                                                  | \$                | 0                                                                     |
| 1.76 | Number of covered lives                                                                                                                                                                                                                                                                                | \$                | 0                                                                     |
| 2.   | Health Test:                                                                                                                                                                                                                                                                                           |                   |                                                                       |
|      |                                                                                                                                                                                                                                                                                                        | 1<br>Current Year | 2<br>Prior Year                                                       |
| 2.1  | Premium Numerator                                                                                                                                                                                                                                                                                      | \$ 169,555,502    | \$ 74,082,741                                                         |
| 2.2  | Premium Denominator                                                                                                                                                                                                                                                                                    | \$ 169,555,502    | \$ 74,082,741                                                         |
| 2.3  | Premium Ratio (2.1/2.2)                                                                                                                                                                                                                                                                                | \$ 100.000        | \$ 100.000                                                            |
| 2.4  | Reserve Numerator                                                                                                                                                                                                                                                                                      | \$ 31,434,251     | \$ 11,576,327                                                         |
| 2.5  | Reserve Denominator                                                                                                                                                                                                                                                                                    | \$ 31,434,251     | \$ 11,576,327                                                         |
| 2.6  | Reserve Ratio (2.4/2.5)                                                                                                                                                                                                                                                                                | \$ 100.000        | \$ 100.000                                                            |
| 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 <input type="checkbox"/>   No <input checked="" type="checkbox"/> |
| 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 <input checked="" type="checkbox"/>   No <input type="checkbox"/> |
| 4.2  | If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?                                                                                                                                                                   |                   | Yes <input type="checkbox"/>   No <input checked="" type="checkbox"/> |
| 5.1  | Does the reporting entity have stop-loss reinsurance?                                                                                                                                                                                                                                                  |                   | Yes <input type="checkbox"/>   No <input checked="" type="checkbox"/> |
| 5.2  | If no, explain:                                                                                                                                                                                                                                                                                        |                   |                                                                       |
| 5.3  | Maximum retained risk (see instructions)                                                                                                                                                                                                                                                               |                   |                                                                       |
| 5.31 | Comprehensive Medical                                                                                                                                                                                                                                                                                  | \$                | 0                                                                     |
| 5.32 | Medical Only                                                                                                                                                                                                                                                                                           | \$                | 0                                                                     |
| 5.33 | Medicare Supplement                                                                                                                                                                                                                                                                                    | \$                | 0                                                                     |
| 5.34 | Dental and Vision                                                                                                                                                                                                                                                                                      | \$                | 0                                                                     |
| 5.35 | Other Limited Benefit Plan                                                                                                                                                                                                                                                                             | \$                | 0                                                                     |
| 5.36 | Other                                                                                                                                                                                                                                                                                                  | \$                | 0                                                                     |
| 6.   | Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements: |                   |                                                                       |

**GENERAL INTERROGATORIES**  
**PART 2 – HEALTH INTERROGATORIES**

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes  No
- 7.2 If no, give details
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 3,774
- 8.2 Number of providers at end of reporting year 4,240
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes  No
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees 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
- 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
- 11.13 An Individual Practice Association (IPA), or Yes  No
- 11.14 A Mixed Model (combination of above)? Yes  No
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes  No
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.
- 11.4 If yes, show the amount required \$ 600,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes  No
- 11.6 If the amount is calculated, show the calculation

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

| 1<br>Name of Service Area                                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Puerto Rico, Bayamón, Caguas, Canóvanas, Carolina, Cataño, Ceiba, Culebra, Fajardo, Guaynabo, Lolza, Luquillo, Río Grande, San Juan, Toa Baja, Trujillo Alto, and Vieques. |

- 13.1 Do you act as a custodian for health savings accounts? Yes  No
- 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
- 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, authorized reinsurers? Yes  No  N/A
- 14.2 If the answer to 14.1 is yes, please provide the following:

| 1<br>Company Name | 2<br>NAIC Company Code | 3<br>Domiciliary Jurisdiction | 4<br>Reserve Credit | Assets Supporting Reserve Credit |                       |            |
|-------------------|------------------------|-------------------------------|---------------------|----------------------------------|-----------------------|------------|
|                   |                        |                               |                     | 5<br>Letters of Credit           | 6<br>Trust Agreements | 7<br>Other |
|                   | 0                      |                               | \$                  | \$                               | \$                    | \$         |

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
- 15.3 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<br>2016    | 2<br>2015    | 3<br>2014    | 4<br>2013   | 5<br>2012 |
|-------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|-------------|-----------|
| <b>Balance Sheet Items (Pages 2 and 3)</b>                                                            |              |              |              |             |           |
| 1. Total admitted assets (Page 2, Line 28)                                                            | 25,413,374   | 4,680,286    | 259,383      | 2,675,597   |           |
| 2. Total liabilities (Page 3, Line 24)                                                                | 35,829,552   | 14,107,058   | 8,902,266    | 1,554,400   |           |
| 3. Statutory minimum capital and surplus requirement                                                  | 600,000      | 600,000      | 600,000      | 600,000     |           |
| 4. Total capital and surplus (Page 3, Line 33)                                                        | (10,416,178) | (9,426,772)  | (8,642,883)  | 1,121,197   |           |
| <b>Income Statement Items (Page 4)</b>                                                                |              |              |              |             |           |
| 5. Total revenues (Line 8)                                                                            | 169,754,902  | 74,082,741   | 18,404,284   |             |           |
| 6. Total medical and hospital expenses (Line 18)                                                      | 151,930,840  | 74,510,422   | 15,590,404   |             |           |
| 7. Claims adjustment expenses (Line 20)                                                               | 737,631      | 141,505      | 39,912       |             |           |
| 8. Total administrative expenses (Line 21)                                                            | 17,471,148   | 14,233,992   | 14,018,799   | 3,654,996   |           |
| 9. Net underwriting gain (loss) (Line 24)                                                             | (384,717)    | (14,803,178) | (11,244,831) | (3,654,996) |           |
| 10. Net investment gain (loss) (Line 27)                                                              | (127,975)    | (306,066)    | (15,083)     | 9,086       |           |
| 11. Total other income (Lines 28 plus 29)                                                             |              |              |              |             |           |
| 12. Net income or (loss) (Line 32)                                                                    | (1,164,658)  | (15,109,184) | (11,259,914) | (3,645,910) |           |
| <b>Cash Flow (Page 6)</b>                                                                             |              |              |              |             |           |
| 13. Net cash from operations (Line 11)                                                                | (1,333,236)  | (10,174,206) | (6,951,621)  | (2,691,510) |           |
| <b>Risk-Based Capital Analysis</b>                                                                    |              |              |              |             |           |
| 14. Total adjusted capital                                                                            | (10,416,178) | (9,426,772)  | (8,642,883)  | 1,121,197   |           |
| 15. Authorized control level risk-based capital                                                       | 6,091,059    | 3,307,750    | 1,589,414    | 17,901      |           |
| <b>Enrollment (Exhibit 1)</b>                                                                         |              |              |              |             |           |
| 16. Total members at end of period (Column 5, Line 7)                                                 | 19,571       | 9,217        | 3,335        |             |           |
| 17. Total member months (Column 6, Line 7)                                                            | 207,194      | 86,915       | 21,650       |             |           |
| <b>Operating Percentage (Page 4)<br/>(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0</b>   |              |              |              |             |           |
| 18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)                                     | 100.0        | 100.0        | 100.0        | 100.0       | 100.0     |
| 19. Total hospital and medical plus other non-health (Line 18 plus Line 19)                           | 89.5         | 100.6        | 66.5         |             |           |
| 20. Cost containment expenses                                                                         |              |              |              |             |           |
| 21. Other claims adjustment expenses                                                                  |              | 0.2          | 0.2          |             |           |
| 22. Total underwriting deductions (Line 23)                                                           | 100.0        | 120.0        | 164.4        |             |           |
| 23. Total underwriting gain (loss) (Line 24)                                                          |              | (20.0)       | (64.4)       |             |           |
| <b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>                                              |              |              |              |             |           |
| 24. Total claims incurred for prior years (Line 13 Col. 5)                                            | 11,950,878   | 4,968,891    |              |             |           |
| 25. Estimated liability of unpaid claims - (prior year (Line 13, Col. 6))                             | 11,576,327   | 3,273,272    |              |             |           |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>                                             |              |              |              |             |           |
| 26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)                                                |              |              |              |             |           |
| 27. Affiliated preferred stocks (Sch. D. Summary, Line 16, Col. 1)                                    |              |              |              |             |           |
| 28. Affiliated common stocks (Sch. D. Summary, Line 24, Col. 1)                                       |              |              |              |             |           |
| 29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10) |              |              |              |             |           |
| 30. Affiliated mortgage loans on real estate                                                          |              |              |              |             |           |
| 31. All other affiliated                                                                              |              |              |              |             |           |
| 32. Total of above Lines 26 to 31                                                                     | 0            | 0            | 0            | 0           | 0         |
| 33. Total investment in parent included in Lines 26 to 31 above                                       |              |              |              |             |           |

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

Yes  No

If no, please explain:

---

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Allocated by States and Territories

| 1                                                                     | 2             | 3                          | 4                    | Direct Business Only |                                                 |                                                  | 8                          | 9                         |                        |
|-----------------------------------------------------------------------|---------------|----------------------------|----------------------|----------------------|-------------------------------------------------|--------------------------------------------------|----------------------------|---------------------------|------------------------|
|                                                                       |               |                            |                      | 5                    | 6                                               | 7                                                |                            |                           |                        |
| State, Etc.                                                           | Active Status | Accident & Health Premiums | Medicare Title XVIII | Medicaid Title XIX   | Federal Employees Health Benefits Plan Premiums | Life & Annuity Premiums and Other Considerations | Property/Casualty Premiums | Total Columns 2 Through 7 | Deposit-Type Contracts |
| 1. Alabama.....AL                                                     | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 2. Alaska.....AK                                                      | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 3. Arizona.....AZ                                                     | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 4. Arkansas.....AR                                                    | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 5. California.....CA                                                  | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 6. Colorado.....CO                                                    | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 7. Connecticut.....CT                                                 | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 8. Delaware.....DE                                                    | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 9. District of Columbia.....DC                                        | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 10. Florida.....FL                                                    | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 11. Georgia.....GA                                                    | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 12. Hawaii.....HI                                                     | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 13. Idaho.....ID                                                      | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 14. Illinois.....IL                                                   | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 15. Indiana.....IN                                                    | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 16. Iowa.....IA                                                       | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 17. Kansas.....KS                                                     | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 18. Kentucky.....KY                                                   | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 19. Louisiana.....LA                                                  | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 20. Maine.....ME                                                      | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 21. Maryland.....MD                                                   | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 22. Massachusetts.....MA                                              | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 23. Michigan.....MI                                                   | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 24. Minnesota.....MN                                                  | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 25. Mississippi.....MS                                                | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 26. Missouri.....MO                                                   | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 27. Montana.....MT                                                    | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 28. Nebraska.....NE                                                   | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 29. Nevada.....NV                                                     | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 30. New Hampshire.....NH                                              | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 31. New Jersey.....NJ                                                 | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 32. New Mexico.....NM                                                 | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 33. New York.....NY                                                   | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 34. North Carolina.....NC                                             | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 35. North Dakota.....ND                                               | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 36. Ohio.....OH                                                       | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 37. Oklahoma.....OK                                                   | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 38. Oregon.....OR                                                     | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 39. Pennsylvania.....PA                                               | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 40. Rhode Island.....RI                                               | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 41. South Carolina.....SC                                             | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 42. South Dakota.....SD                                               | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 43. Tennessee.....TN                                                  | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 44. Texas.....TX                                                      | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 45. Utah.....UT                                                       | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 46. Vermont.....VT                                                    | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 47. Virginia.....VA                                                   | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 48. Washington.....WA                                                 | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 49. West Virginia.....WV                                              | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 50. Wisconsin.....WI                                                  | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 51. Wyoming.....WY                                                    | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 52. American Samoa.....AS                                             | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 53. Guam.....GU                                                       | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 54. Puerto Rico.....PR                                                | L             |                            | 169,754,902          |                      |                                                 |                                                  |                            | 169,754,902               |                        |
| 55. U.S. Virgin Islands.....VI                                        | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 56. Northern Mariana Islands.....MP                                   | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 57. Canada.....CAN                                                    | N             |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 58. Aggregate Other alien.....OT                                      | XXX           | 0                          | 0                    | 0                    | 0                                               | 0                                                | 0                          | 0                         | 0                      |
| 59. Subtotal.....XXX                                                  |               | 0                          | 169,754,902          | 0                    | 0                                               | 0                                                | 0                          | 169,754,902               | 0                      |
| 60. Reporting entity contributions for Employee Benefit Plans.....XXX |               |                            |                      |                      |                                                 |                                                  |                            | 0                         |                        |
| 61. Total (Direct Business).....(a) 1                                 |               | 0                          | 169,754,902          | 0                    | 0                                               | 0                                                | 0                          | 169,754,902               | 0                      |

**DETAILS OF WRITE-INS**

|                                                        |  |   |   |   |   |   |   |   |   |
|--------------------------------------------------------|--|---|---|---|---|---|---|---|---|
| 58001.....                                             |  |   |   |   |   |   |   | 0 |   |
| 58002.....                                             |  |   |   |   |   |   |   | 0 |   |
| 58003.....                                             |  |   |   |   |   |   |   | 0 |   |
| 58398. Summary of remaining write-ins for line 58..... |  | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58399. Total (Lines 58001 through 58003 + 58398).....  |  | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

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

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
PART 1 – ORGANIZATIONAL CHART

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**2016 ALPHABETICAL INDEX  
HEALTH ANNUAL STATEMENT BLANK**

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