



ANNUAL STATEMENT

For the Year Ended December 31, 2019
of the Condition and Affairs of the

Wellmark, Inc.

NAIC Group Code..... 0770, 0770 (Current Period) (Prior Period) NAIC Company Code..... 88848 Employer's ID Number..... 42-0318333

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

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

Incorporated/Organized..... September 19, 1939 Commenced Business..... October 1, 1939

Statutory Home Office 1331 Grand Avenue .. Des Moines .. IA .. US .. 50309-2901
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 1331 Grand Avenue .. Des Moines .. IA .. US .. 50309-2901 515-376-4500
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 1331 Grand Avenue .. Des Moines .. IA .. US .. 50309-2901
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1331 Grand Avenue .. Des Moines .. IA .. US .. 50309-2901 515-376-4500
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.wellmark.com

Statutory Statement Contact Christa Daneen Kuennen 515-376-4144
(Name) (Area Code) (Telephone Number) (Extension)
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OFFICERS

Name	Title	Name	Title
1. John Douglas Forsyth	Chairman & CEO	2. Scott Andrew Sundstrom #	Secretary
3. Cory Randall Harris #	EVP, COO	4. David Seth Brown	EVP, CFO & Treasurer

OTHER

Marcelle Jo Chickering	John Thomas Clendenin
Michael James Crowley	G. Paul Eddy
Timothy Robert Gutshall MD	Laura Jean Jackson
Vicki Lynn Signor	

DIRECTORS OR TRUSTEES

Thomas Matthew Cink MD	Melanie Creagan Dreher PhD, RN	John Douglas Forsyth-Chairman	Daryl Keith Henze
William Curt Hunter	Paul Edward Larson	Angeline Marie Lavin	Terrence Joseph Mulligan
David George Neil	Timothy John Theriault	Therese Michele Vaughan	

State of..... Iowa
County of..... Polk

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

_____ (Signature) John Douglas Forsyth	_____ (Signature) Scott Andrew Sundstrom	_____ (Signature) David Seth Brown
1. (Printed Name) Chairman & CEO	2. (Printed Name) Secretary	3. (Printed Name) EVP, CFO & Treasurer
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me This _____ day of _____ 2020

a. Is this an original filing? Yes [X] No []

b. If no

1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	895,699,597		895,699,597	877,978,768
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	2,591,046	959,760	1,631,286	756,802
2.2 Common stocks.....	1,087,984,614	34,626,694	1,053,357,920	845,015,364
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).....	148,365,151		148,365,151	155,804,028
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 (\$.....112,936,161, Schedule E-Part 1), cash equivalents (\$.....87,753,643, Schedule E-Part 2) and short-term investments (\$.....7,386,854, Schedule DA).....	208,076,658		208,076,658	162,656,477
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	77,156,507	7,393,849	69,762,658	42,031,243
9. Receivables for securities.....	368,523		368,523	2,034,117
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).....	2,420,242,096	42,980,303	2,377,261,793	2,086,276,799
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	7,827,408	87,608	7,739,800	7,454,143
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	79,982,611		79,982,611	82,488,574
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 (\$.....1,945,902) and contracts subject to redetermination (\$.....15,735,000).....	17,680,902		17,680,902	12,329,889
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.....	115,770,054	12,012,661	103,757,393	95,715,929
18.1 Current federal and foreign income tax recoverable and interest thereon.....	41,070,965		41,070,965	31,368,757
18.2 Net deferred tax asset.....	26,991,000		26,991,000	27,099,000
19. Guaranty funds receivable or on deposit.....	22,218,394		22,218,394	23,270,000
20. Electronic data processing equipment and software.....	3,186,420	740,627	2,445,793	2,794,336
21. Furniture and equipment, including health care delivery assets (\$.....0).....	13,810,772	13,810,772	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	5,744,977	5,741,767	3,210	33,005
24. Health care (\$.....70,383,391) and other amounts receivable.....	104,790,311	22,300,180	82,490,131	69,255,487
25. Aggregate write-ins for other-than-invested assets.....	66,921,725	66,322,796	598,929	580,061
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	2,926,237,635	163,996,714	2,762,240,921	2,438,665,980
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	2,926,237,635	163,996,714	2,762,240,921	2,438,665,980

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Prepaid Premium Tax Assets.....	37,249,503	37,249,503	0	
2502. Prepaid Pension Costs.....	11,176,289	11,176,289	0	
2503. Other Prepaid Expenses.....	16,081,858	16,081,858	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	2,414,075	1,815,146	598,929	580,061
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	66,921,725	66,322,796	598,929	580,061

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	366,909,305		366,909,305	350,292,672
2. Accrued medical incentive pool and bonus amounts.....	8,461,613		8,461,613	18,795,281
3. Unpaid claims adjustment expenses.....	3,878,903		3,878,903	3,794,806
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	54,979,704		54,979,704	52,896,427
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	103,449,101		103,449,101	106,045,409
9. General expenses due or accrued.....	214,583,460		214,583,460	206,238,693
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.....	2,697,777		2,697,777	2,649,940
13. Remittances and items not allocated.....	9,122,199		9,122,199	20,784,030
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	37,835,127		37,835,127	36,131,163
16. Derivatives.....			0	
17. Payable for securities.....	7,899,435		7,899,435	9,105,426
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.....	72,684,187		72,684,187	41,058,371
23. Aggregate write-ins for other liabilities (including \$.....708,731 current).....	26,073,147	0	26,073,147	23,569,779
24. Total liabilities (Lines 1 to 23).....	908,573,958	0	908,573,958	871,361,997
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	44,511,000	0
26. Common capital stock.....	XXX	XXX		
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX		
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	1,809,155,963	1,567,303,983
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	1,853,666,963	1,567,303,983
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	2,762,240,921	2,438,665,980

DETAILS OF WRITE-INS

2301. Other Liabilities.....	24,326,350		24,326,350	21,668,562
2302. Escheat Liability.....	1,746,797		1,746,797	1,611,119
2303. Liability for Postretirement Benefits.....			0	290,098
2398. Summary of remaining write-ins for Line 23 from overflow page.....			0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above).....	26,073,147	0	26,073,147	23,569,779
2501. Special Surplus for Health Insurer Fee.....	XXX	XXX	44,511,000	
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	44,511,000	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 Uncovered	2 Total	3 Total
1. Member months.....	XXX	14,689,144	14,804,430
2. Net premium income (including \$.....0 non-health premium income).....	XXX	2,561,042,188	2,615,762,137
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	(819,283)	10,126,318
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	9,229	.0
8. Total revenues (Lines 2 to 7).....	XXX	2,560,232,134	2,625,888,455
Hospital and Medical:			
9. Hospital/medical benefits.....		1,473,582,339	1,490,321,649
10. Other professional services.....		237,837,005	230,496,928
11. Outside referrals.....		74,698,576	71,914,523
12. Emergency room and out-of-area.....		92,492,778	88,081,354
13. Prescription drugs.....		290,219,440	362,652,272
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		3,408,988	20,527,446
16. Subtotal (Lines 9 to 15).....	.0	2,172,239,126	2,263,994,172
Less:			
17. Net reinsurance recoveries.....		39,957	
18. Total hospital and medical (Lines 16 minus 17).....	.0	2,172,199,169	2,263,994,172
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....19,793,745 cost containment expenses.....		99,090,076	91,852,920
21. General administrative expenses.....		227,641,958	274,070,264
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	2,498,931,203	2,629,917,356
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	61,300,931	(4,028,901)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		140,643,382	118,330,682
26. Net realized capital gains or (losses) less capital gains tax of \$.....965,000.....		(1,262,462)	39,668,479
27. Net investment gains or (losses) (Lines 25 plus 26).....	.0	139,380,920	157,999,161
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....240,116)].....		(240,116)	
29. Aggregate write-ins for other income or expenses.....	.0	(12,082,533)	(312,917)
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	188,359,202	153,657,343
31. Federal and foreign income taxes incurred.....	XXX	29,667,000	26,181,593
32. Net income (loss) (Lines 30 minus 31).....	XXX	158,692,202	127,475,750

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. Commission Income.....	XXX	9,229	
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	9,229	.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. Other Expense.....		(12,082,533)	(3,400)
2902. Contribution Expense.....			(309,517)
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	(12,082,533)	(312,917)

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	1,567,303,983	1,524,119,468
34. Net income or (loss) from Line 32.....	158,692,202	127,475,750
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 \$..... 19,078,000.....	129,751,441	(64,495,326)
37. Change in net unrealized foreign exchange capital gain or (loss).....	955,979	(4,247,953)
38. Change in net deferred income tax.....	10,423,000	6,948,000
39. Change in nonadmitted assets.....	(11,972,158)	(20,075,318)
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.....		
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.....	(1,487,484)	(2,420,638)
48. Net change in capital and surplus (Lines 34 to 47).....	286,362,980	43,184,515
49. Capital and surplus end of reporting period (Line 33 plus 48).....	1,853,666,963	1,567,303,983

DETAILS OF WRITE-INS

4701. Change in Pension and Other Postemployment Benefit Obligation.....	(1,487,484)	(2,420,638)
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).....	(1,487,484)	(2,420,638)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	2,556,864,824	2,635,769,496
2. Net investment income.....	67,488,150	61,681,219
3. Miscellaneous income.....	9,229	
4. Total (Lines 1 through 3).....	2,624,362,203	2,697,450,715
5. Benefit and loss related payments.....	2,193,883,923	2,256,745,582
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	314,723,106	378,169,948
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....965,000 tax on capital gains (losses).....	40,334,208	50,628,334
10. Total (Lines 5 through 9).....	2,548,941,237	2,685,543,864
11. Net cash from operations (Line 4 minus Line 10).....	75,420,966	11,906,851
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	478,233,965	658,359,628
12.2 Stocks.....	48,469,342	285,307,473
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	2,502,542	2,106,373
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	2,537	(5,651)
12.7 Miscellaneous proceeds.....	1,679,593	6,797,389
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	530,887,979	952,565,212
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	492,730,022	653,856,979
13.2 Stocks.....	138,526,544	279,737,483
13.3 Mortgage loans.....		
13.4 Real estate.....	(279,948)	144,543
13.5 Other invested assets.....	24,176,160	30,987,851
13.6 Miscellaneous applications.....	1,229,394	1,953,929
13.7 Total investments acquired (Lines 13.1 to 13.6).....	656,382,172	966,680,785
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).....	(125,494,193)	(14,115,573)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	95,493,408	17,536,336
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	95,493,408	17,536,336
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	45,420,181	15,327,614
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	162,656,477	147,328,863
19.2 End of year (Line 18 plus Line 19.1).....	208,076,658	162,656,477
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Noncash dividends from subsidiaries.....	83,500,000	68,000,000

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).....	1,563,537,280			1,563,537,280
2. Medicare Supplement.....	420,493,024			420,493,024
3. Dental only.....	30,356,287			30,356,287
4. Vision only.....	1,021,125			1,021,125
5. Federal Employees Health Benefits Plan.....	258,210,655			258,210,655
6. Title XVIII - Medicare.....				.0
7. Title XIX - Medicaid.....				.0
8. Other health.....	287,423,817			287,423,817
9. Health subtotal (Lines 1 through 8).....	2,561,042,188	0	0	2,561,042,188
10. Life.....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11).....	2,561,042,188	0	0	2,561,042,188

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

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	2,180,231,309	1,300,516,052	356,883,957	24,024,936	803,866	232,968,479			265,034,019	
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	90,042	90,042								
1.4 Net.....	2,180,141,267	1,300,426,010	356,883,957	24,024,936	803,866	232,968,479	0	0	265,034,019	0
2. Paid medical incentive pools and bonuses.....	13,742,656	13,742,656								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	366,909,305	236,378,711	71,390,792	1,717,866	21,684	33,227,323			24,172,929	
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	366,909,305	236,378,711	71,390,792	1,717,866	21,684	33,227,323	0	0	24,172,929	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	8,461,613	8,461,613								
6. Net healthcare receivables (a).....	28,017,804	21,128,019	39,456			(437,460)			7,287,789	
7. Amounts recoverable from reinsurers December 31, current year.....	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	350,292,672	226,562,100	67,220,196	1,499,703	20,641	30,217,253			24,772,779	
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	0									
8.4 Net.....	350,292,672	226,562,100	67,220,196	1,499,703	20,641	30,217,253	0	0	24,772,779	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0									
9.2 Reinsurance assumed.....	0									
9.3 Reinsurance ceded.....	0									
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	18,795,281	18,795,281								
11. Amounts recoverable from reinsurers December 31, prior year.....	50,085	50,085								
12. Incurred benefits:										
12.1 Direct.....	2,168,830,138	1,289,204,644	361,015,097	24,243,099	804,909	236,416,009	0	0	257,146,380	0
12.2 Reinsurance assumed.....	0						0	0	0	0
12.3 Reinsurance ceded.....	39,957	39,957					0	0	0	0
12.4 Net.....	2,168,790,181	1,289,164,687	361,015,097	24,243,099	804,909	236,416,009	0	0	257,146,380	0
13. Incurred medical incentive pools and bonuses.....	3,408,988	3,408,988					0	0	0	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 (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	203,141,390	138,298,011	40,502,128	343,573	4,337	14,654,677			9,338,664	
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	203,141,390	138,298,011	40,502,128	343,573	4,337	14,654,677	0	0	9,338,664	0
2. Incurred but unreported:										
2.1 Direct.....	163,767,915	98,080,700	30,888,664	1,374,293	17,347	18,572,646			14,834,265	
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	0									
2.4 Net.....	163,767,915	98,080,700	30,888,664	1,374,293	17,347	18,572,646	0	0	14,834,265	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	0									
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	366,909,305	236,378,711	71,390,792	1,717,866	21,684	33,227,323	0	0	24,172,929	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.....	366,909,305	236,378,711	71,390,792	1,717,866	21,684	33,227,323	0	0	24,172,929	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical).....	200,944,517	1,099,531,578	1,912,596	234,466,115	202,857,113	226,562,100
2. Medicare Supplement.....	60,622,063	296,261,894	147,565	71,243,227	60,769,628	67,220,196
3. Dental only.....	1,479,417	22,545,519	3,657	1,714,209	1,483,074	1,499,703
4. Vision only.....	20,597	783,269	44	21,640	20,641	20,641
5. Federal Employees Health Benefits Plan.....	28,542,376	204,426,103	248,585	32,978,738	28,790,961	30,217,253
6. Title XVIII - Medicare.....					0	
7. Title XIX - Medicaid.....					0	
8. Other health.....	20,273,385	244,760,634	161,463	24,011,466	20,434,848	24,772,779
9. Health subtotal (Lines 1 to 8).....	311,882,355	1,868,308,997	2,473,910	364,435,395	314,356,265	350,292,672
10. Healthcare receivables (a).....	7,291,538	84,286,325	1,218	712,606	7,292,756	64,273,883
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	13,742,656			8,461,613	13,742,656	18,795,281
13. Totals (Lines 9 - 10 + 11 + 12).....	318,333,473	1,784,022,672	2,472,692	372,184,402	320,806,165	304,814,070

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

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

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	223,297	221,807	221,807	221,807	221,807
2. 2015.....	1,984,986	2,233,748	2,233,384	2,233,384	2,233,384
3. 2016.....	XXX	1,962,851	2,314,314	2,313,564	2,313,564
4. 2017.....	XXX	XXX	1,948,433	2,277,969	2,278,466
5. 2018.....	XXX	XXX	XXX	1,929,661	2,254,789
6. 2019.....	XXX	XXX	XXX	XXX	1,868,310

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	224,644	221,807	221,807	221,807	221,807
2. 2015.....	2,270,732	2,235,529	2,233,384	2,233,384	2,233,384
3. 2016.....	XXX	2,351,684	2,316,304	2,313,564	2,313,564
4. 2017.....	XXX	XXX	2,313,658	2,279,582	2,278,466
5. 2018.....	XXX	XXX	XXX	2,297,135	2,257,262
6. 2019.....	XXX	XXX	XXX	XXX	2,241,206

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	2,535,836	2,233,384	65,291	2.9	2,298,675	90.6			2,298,675	90.6
2. 2016.....	2,656,268	2,313,564	71,120	3.1	2,384,684	89.8			2,384,684	89.8
3. 2017.....	2,646,943	2,278,466	76,865	3.4	2,355,331	89.0			2,355,331	89.0
4. 2018.....	2,625,888	2,254,789	71,427	3.2	2,326,216	88.6	2,474	.26	2,328,716	88.7
5. 2019.....	2,560,223	1,868,310	71,756	3.8	1,940,066	75.8	372,897	3.853	2,316,816	90.5

12.GT

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

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	149,670	148,116	148,116	148,116	148,116
2. 2015.....	1,348,437	1,518,852	1,518,128	1,518,128	1,518,128
3. 2016.....	XXX	1,333,953	1,583,146	1,582,557	1,582,557
4. 2017.....	XXX	XXX	1,290,037	1,519,450	1,519,972
5. 2018.....	XXX	XXX	XXX	1,201,041	1,415,207
6. 2019.....	XXX	XXX	XXX	XXX	1,099,532

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	150,499	148,116	148,116	148,116	148,116
2. 2015.....	1,548,138	1,520,200	1,518,128	1,518,128	1,518,128
3. 2016.....	XXX	1,610,468	1,584,362	1,582,557	1,582,557
4. 2017.....	XXX	XXX	1,542,348	1,520,675	1,519,972
5. 2018.....	XXX	XXX	XXX	1,445,173	1,417,119
6. 2019.....	XXX	XXX	XXX	XXX	1,342,459

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	1,698,974	1,518,128	21,544	1.4	1,539,672	90.6			1,539,672	90.6
2. 2016.....	1,789,401	1,582,557	26,973	1.7	1,609,530	89.9			1,609,530	89.9
3. 2017.....	1,751,446	1,519,972	35,811	2.4	1,555,783	88.8			1,555,783	88.8
4. 2018.....	1,657,118	1,415,207	21,606	1.5	1,436,813	86.7	1,912	19	1,438,744	86.8
5. 2019.....	1,560,536	1,099,532	24,267	2.2	1,123,799	72.0	242,928	2,398	1,369,125	87.7

12.HM

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

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	42,779	42,947	42,947	42,947	42,947
2. 2015.....	241,831	287,788	288,224	288,224	288,224
3. 2016.....	XXX	248,159	307,356	307,244	307,244
4. 2017.....	XXX	XXX	268,987	326,974	326,994
5. 2018.....	XXX	XXX	XXX	283,437	344,039
6. 2019.....	XXX	XXX	XXX	XXX	296,262

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	42,917	42,947	42,947	42,947	42,947
2. 2015.....	293,336	287,881	288,224	288,224	288,224
3. 2016.....	XXX	311,312	307,733	307,244	307,244
4. 2017.....	XXX	XXX	335,267	327,059	326,994
5. 2018.....	XXX	XXX	XXX	350,572	344,186
6. 2019.....	XXX	XXX	XXX	XXX	367,505

12.MS

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	355,792	288,224	14,524	5.0	302,748	85.1			302,748	85.1
2. 2016.....	376,548	307,244	12,740	4.1	319,984	85.0			319,984	85.0
3. 2017.....	398,149	326,994	13,192	4.0	340,186	85.4			340,186	85.4
4. 2018.....	420,781	344,039	13,404	3.9	357,443	84.9	148	1	357,592	85.0
5. 2019.....	420,477	296,262	14,385	4.9	310,647	73.9	71,243	703	382,593	91.0

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

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	860	866	866	866	866
2. 2015.....	19,297	20,305	20,310	20,310	20,310
3. 2016.....	XXX	19,217	20,360	20,371	20,371
4. 2017.....	XXX	XXX	19,341	20,421	20,485
5. 2018.....	XXX	XXX	XXX	20,485	21,900
6. 2019.....	XXX	XXX	XXX	XXX	22,546

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	955	866	866	866	866
2. 2015.....	20,271	20,309	20,310	20,310	20,310
3. 2016.....	XXX	20,386	20,362	20,371	20,371
4. 2017.....	XXX	XXX	20,546	20,429	20,485
5. 2018.....	XXX	XXX	XXX	21,977	21,904
6. 2019.....	XXX	XXX	XXX	XXX	24,260

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	26,512	20,310	1,476	7.3	21,786	82.2			21,786	82.2
2. 2016.....	26,399	20,371	1,330	6.5	21,701	82.2			21,701	82.2
3. 2017.....	26,811	20,485	1,108	5.4	21,593	80.5			21,593	80.5
4. 2018.....	27,763	21,900	1,363	6.2	23,263	83.8	4		23,267	83.8
5. 2019.....	30,356	22,546	1,160	5.1	23,706	78.1	1,714	17	25,437	83.8

12.D0

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

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	.16	.16	.16	.16	.16
2. 2015.....	.656	.672	.672	.672	.672
3. 2016.....	XXX	.640	.662	.662	.662
4. 2017.....	XXX	XXX	.683	.699	.699
5. 2018.....	XXX	XXX	XXX	.668	.689
6. 2019.....	XXX	XXX	XXX	XXX	.783

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	.17	.16	.16	.16	.16
2. 2015.....	.671	.672	.672	.672	.672
3. 2016.....	XXX	.662	.662	.662	.662
4. 2017.....	XXX	XXX	.699	.699	.699
5. 2018.....	XXX	XXX	XXX	.689	.689
6. 2019.....	XXX	XXX	XXX	XXX	.805

12.VO

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	.743	.672	.91	13.5	.763	102.7			.763	102.7
2. 2016.....	.797	.662	.96	14.5	.758	95.1			.758	95.1
3. 2017.....	.877	.699	.31	4.4	.730	83.2			.730	83.2
4. 2018.....	.915	.689	.99	14.4	.788	86.1			.788	86.1
5. 2019.....	1,021	.783	.84	10.7	.867	84.9	.22		.889	87.1

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

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	14,015	13,905	13,905	13,905	13,905
2. 2015.....	182,299	198,720	198,639	198,639	198,639
3. 2016.....	XXX	182,742	207,505	207,445	207,445
4. 2017.....	XXX	XXX	187,901	211,475	211,366
5. 2018.....	XXX	XXX	XXX	199,623	228,274
6. 2019.....	XXX	XXX	XXX	XXX	204,426

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	14,224	13,905	13,905	13,905	13,905
2. 2015.....	199,307	198,945	198,639	198,639	198,639
3. 2016.....	XXX	211,907	207,777	207,445	207,445
4. 2017.....	XXX	XXX	212,668	211,670	211,366
5. 2018.....	XXX	XXX	XXX	229,645	228,523
6. 2019.....	XXX	XXX	XXX	XXX	237,405

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	220,746	198,639	13,678	6.9	212,317	96.2			212,317	96.2
2. 2016.....	235,678	207,445	14,559	7.0	222,004	94.2			222,004	94.2
3. 2017.....	224,908	211,366	11,056	5.2	222,422	98.9			222,422	98.9
4. 2018.....	254,604	228,274	18,015	7.9	246,289	96.7	249	4	246,542	96.8
5. 2019.....	260,409	204,426	15,666	7.7	220,092	84.5	32,979	498	253,569	97.4

12.FE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	(1)	(1)	(1)	(1)	(1)
2. 2015.....					
3. 2016.....	XXX				
4. 2017.....	XXX	XXX			
5. 2018.....	XXX	XXX	XXX		
6. 2019.....	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	(1)	(1)	(1)	(1)	(1)
2. 2015.....					
3. 2016.....	XXX				
4. 2017.....	XXX	XXX			
5. 2018.....	XXX	XXX	XXX		
6. 2019.....	XXX	XXX	XXX	XXX	

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 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	1	0		0.0	0	0.0			0	0.0
2. 2016.....		0		0.0	0	0.0			0	0.0
3. 2017.....		0		0.0	0	0.0			0	0.0
4. 2018.....		0		0.0	0	0.0			0	0.0
5. 2019.....		0		0.0	0	0.0			0	0.0

12.XV

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

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	NONE				
2. 2015.....					
3. 2016.....		XXX			
4. 2017.....		XXX	XXX		
5. 2018.....		XXX	XXX	XXX	
6. 2019.....		XXX	XXX	XXX	XXX

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	NONE				
2. 2015.....					
3. 2016.....		XXX			
4. 2017.....		XXX	XXX		
5. 2018.....		XXX	XXX	XXX	
6. 2019.....		XXX	XXX	XXX	XXX

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....		0	0	0.0	0	0.0			0	0.0
2. 2016.....		0	0	0.0	0	0.0			0	0.0
3. 2017.....		0	0	0.0	0	0.0			0	0.0
4. 2018.....		0	0	0.0	0	0.0			0	0.0
5. 2019.....		0	0	0.0	0	0.0			0	0.0

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

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	15,958	15,958	15,958	15,958	15,958
2. 2015.....	192,466	207,411	207,411	207,411	207,411
3. 2016.....	XXX	178,140	195,285	195,285	195,285
4. 2017.....	XXX	XXX	181,484	198,950	198,950
5. 2018.....	XXX	XXX	XXX	224,407	244,680
6. 2019.....	XXX	XXX	XXX	XXX	244,761

SECTION B - INCURRED HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	16,033	15,958	15,958	15,958	15,958
2. 2015.....	209,009	207,522	207,411	207,411	207,411
3. 2016.....	XXX	196,949	195,408	195,285	195,285
4. 2017.....	XXX	XXX	202,130	199,050	198,950
5. 2018.....	XXX	XXX	XXX	249,079	244,841
6. 2019.....	XXX	XXX	XXX	XXX	268,772

12.0T

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2015.....	233,068	207,411	13,978	6.7	221,389	95.0			221,389	95.0
2. 2016.....	227,445	195,285	15,422	7.9	210,707	92.6			210,707	92.6
3. 2017.....	244,752	198,950	15,667	7.9	214,617	87.7			214,617	87.7
4. 2018.....	264,707	244,680	16,940	6.9	261,620	98.8	161	2	261,783	98.9
5. 2019.....	287,424	244,761	16,194	6.6	260,955	90.8	24,011	237	285,203	99.2

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	171,376	171,376							
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$.0 for investment income).....	53,544,334	5,787,748				47,756,586			
5. Aggregate write-ins for other policy reserves.....	1,263,994	1,263,994	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross).....	54,979,704	7,223,118	.0	.0	.0	47,756,586	.0	.0	.0
7. Reinsurance ceded.....	.0								
8. Totals (net) (Page 3, Line 4).....	54,979,704	7,223,118	.0	.0	.0	47,756,586	.0	.0	.0
9. Present value of amounts not yet due on claims.....	.0								
10. Reserve for future contingent benefits.....	.0								
11. Aggregate write-ins for other claim reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded.....	.0								
14. Totals (net) (Page 3, Line 7).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

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DETAILS OF WRITE-INS

0501. ACA Risk Adjustment Payable.....	1,263,994	1,263,994							
0502.0								
0503. ....	.0								
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	1,263,994	1,263,994	.0	.0	.0	.0	.0	.0	.0
1101. ....	.0								
1102. ....	.0								
1103. ....	.0								
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Includes \$.0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....13,475,025 for occupancy of own building).....	149,143	696,773	15,252,670		16,098,586
2. Salaries, wages and other benefits.....	12,144,072	34,863,434	115,306,859		162,314,365
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			62,575,554		62,575,554
4. Legal fees and expenses.....			1,350,773		1,350,773
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	110	(8,204)	1,899,539		1,891,445
7. Traveling expenses.....	77,811	78,466	1,409,227		1,565,504
8. Marketing and advertising.....	75,663	9,445	3,881,526		3,966,634
9. Postage, express and telephone.....	597,618	3,055,715	4,519,569		8,172,902
10. Printing and office supplies.....	337,199	673,703	2,221,893		3,232,795
11. Occupancy, depreciation and amortization.....	441,264	1,414,638	(2,508,728)		(652,826)
12. Equipment.....	3,825	61,272	158,363		223,460
13. Cost or depreciation of EDP equipment and software.....	2,328,715	2,529,935	18,983,774		23,842,424
14. Outsourced services including EDP, claims, and other services.....	13,057,434	46,048,065	54,979,323		114,084,822
15. Boards, bureaus and association fees.....	3,628	2,734	1,841,304		1,847,666
16. Insurance, except on real estate.....	58,027	192,114	1,018,795		1,268,936
17. Collection and bank service charges.....		20			20
18. Group service and administration fees.....	8,209,773	11,448,839	1,085		19,659,697
19. Reimbursements by uninsured plans.....	(23,520,333)	(29,498,664)	(78,759,697)		(131,778,694)
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....	34,151	115,342	362,907		512,400
22. Real estate taxes.....	215,787	692,529	2,476,991		3,385,307
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....			9,925,221		9,925,221
23.3 Regulatory authority licenses and fees.....			(66,841)		(66,841)
23.4 Payroll taxes.....	607,028	1,825,245	4,696,339		7,128,612
23.5 Other (excluding federal income and real estate taxes).....			6,082,796		6,082,796
24. Investment expenses not included elsewhere.....				5,038,922	5,038,922
25. Aggregate write-ins for expenses.....	4,972,830	5,094,930	32,716	0	10,100,476
26. Total expenses incurred (Lines 1 to 25).....	19,793,745	79,296,331	227,641,958	5,038,922	(a).....331,770,956
27. Less expenses unpaid December 31, current year.....	774,831	3,104,072	213,482,976	1,100,484	218,462,363
28. Add expenses unpaid December 31, prior year.....	776,644	3,018,162	205,298,196	940,497	210,033,499
29. Amounts receivable relating to uninsured plans, prior year.....			96,651,964		96,651,964
30. Amounts receivable relating to uninsured plans, current year.....			115,770,054		115,770,054
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	19,795,558	79,210,421	238,575,268	4,878,935	342,460,182

DETAILS OF WRITE-INS

2501. BlueCard Home Access Fees.....	4,972,437	3,323,268			8,295,705
2502. Miscellaneous Expenses and Reimbursements.....	393	1,771,662	32,716		1,804,771
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).....	4,972,830	5,094,930	32,716	0	10,100,476

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a) .....698,387	.....887,383
1.1 Bonds exempt from U.S. tax.....	(a)	
1.2 Other bonds (unaffiliated).....	(a) .....37,044,941	.....36,838,352
1.3 Bonds of affiliates.....	(a)	
2.1 Preferred stocks (unaffiliated).....	(b) .....17,345	.....17,257
2.11 Preferred stocks of affiliates.....	(b)	
2.2 Common stocks (unaffiliated).....	.....14,480,105	.....14,808,828
2.21 Common stocks of affiliates.....	.....83,500,000	.....83,500,000
3. Mortgage loans.....	(c)	
4. Real estate.....	(d) .....13,475,025	.....13,475,025
5. Contract loans.....	.....
6. Cash, cash equivalents and short-term investments.....	(e) .....5,194,243	.....5,163,839
7. Derivative instruments.....	(f) .....35,039	.....34,487
8. Other invested assets.....	.....124,982	.....169,377
9. Aggregate write-ins for investment income.....	.....895,261	.....895,261
10. Total gross investment income.....	.....155,465,328	.....155,789,809
11. Investment expenses.....		(g) .....5,038,922
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g)
13. Interest expense.....		(h) .....782,736
14. Depreciation on real estate and other invested assets.....		(i) .....7,158,929
15. Aggregate write-ins for deductions from investment income.....		.....2,165,840
16. Total deductions (Lines 11 through 15).....		.....15,146,427
17. Net investment income (Line 10 minus Line 16).....		.....140,643,382

DETAILS OF WRITE-INS

0901. Miscellaneous Investment Income.....	.....809,251	.....809,251
0902. Securities Lending.....	.....86,010	.....86,010
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).....	.....895,261	.....895,261
1501. Other Investment Expenses.....		.....2,165,840
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).....		.....2,165,840

- (a) Includes \$.....7,065,399 accrual of discount less \$.....10,421,422 amortization of premium and less \$.....1,502,626 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 \$.....13,475,025 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....197,166 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 \$.....7,158,929 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....649,838		.....649,838		
1.1 Bonds exempt from U.S. tax.....			.....0		
1.2 Other bonds (unaffiliated).....	.....5,234,427	.....(120,724)	.....5,113,703	.....817,254	
1.3 Bonds of affiliates.....			.....0		
2.1 Preferred stocks (unaffiliated).....	.....2,440	.....(2,374)	.....66	.....305,063	.....(15,491)
2.11 Preferred stocks of affiliates.....			.....0		
2.2 Common stocks (unaffiliated).....	.....799,068	.....(6,853,271)	.....(6,054,203)	.....88,707,424	.....971,470
2.21 Common stocks of affiliates.....			.....0	.....52,814,812	
3. Mortgage loans.....			.....0		
4. Real estate.....			.....0		
5. Contract loans.....			.....0		
6. Cash, cash equivalents and short-term investments.....	.....2,537	.....(23,402)	.....(20,865)		
7. Derivative instruments.....	.....13,999		.....13,999		
8. Other invested assets.....			.....0	.....6,184,888	
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....6,702,309	.....(6,999,771)	.....(297,462)	.....148,829,441	.....955,979

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 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	959,760	859,760	(100,000)
2.2 Common stocks.....	34,626,694	17,157,390	(17,469,304)
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).....	7,393,849	7,266,640	(127,209)
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).....	42,980,303	25,283,790	(17,696,513)
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....	87,608	43,212	(44,396)
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....		50,085	50,085
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.....	12,012,661	936,035	(11,076,626)
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....		8,151,000	8,151,000
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	740,627	257,447	(483,180)
21. Furniture and equipment, including health care delivery assets.....	13,810,772	15,834,834	2,024,062
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....	5,741,767	3,230,269	(2,511,498)
24. Health care and other amounts receivable.....	22,300,180	10,725,138	(11,575,042)
25. Aggregate write-ins for other-than-invested assets.....	66,322,796	87,512,746	21,189,950
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	163,996,714	152,024,556	(11,972,158)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	163,996,714	152,024,556	(11,972,158)

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. Prepaid Premium Tax Assets.....	37,249,503	41,913,239	4,663,736
2502. Prepaid Pension Costs.....	11,176,289	25,088,716	13,912,427
2503. Other Prepaid Expenses.....	16,081,858	18,598,332	2,516,474
2598. Summary of remaining write-ins for Line 25 from overflow page.....	1,815,146	1,912,459	97,313
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	66,322,796	87,512,746	21,189,950

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....						
2. Provider service organizations.....						
3. Preferred provider organizations.....	865,621	873,741	868,171	856,648	853,003	10,383,148
4. Point of service.....						
5. Indemnity only.....	178,877	178,570	179,005	179,908	179,827	2,151,011
6. Aggregate write-ins for other lines of business.....	179,288	179,235	179,736	179,790	180,174	2,154,985
7. Total.....	1,223,786	1,231,546	1,226,912	1,216,346	1,213,004	14,689,144

DETAILS OF WRITE-INS

0601. Dental.....	84,432	87,294	88,039	88,196	88,774	1,054,524
0602. Medicare Part D.....	86,298	82,085	81,880	81,787	81,549	982,500
0603. Vision.....	8,558	9,856	9,817	9,807	9,851	117,961
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).....	179,288	179,235	179,736	179,790	180,174	2,154,985

NOTES TO FINANCIAL STATEMENTS**Note 1 – Summary of Significant Accounting Policies and Going Concern****A. Accounting Practices**

The financial statements of Wellmark, Inc. (the Company) have been prepared in conformity with the accounting practices prescribed by the National Association of Insurance Commissioners (NAIC) and the State of Iowa.

The NAIC Accounting Practices and Procedures manual has been adopted as a component of prescribed or permitted practices by the State of Iowa. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices. The Company does not have any permitted practices.

	SSAP #	F/S Page	F/S Line #	2019	2018
NET INCOME					
(1) Wellmark, Inc. state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ 158,692,202	\$ 127,475,750
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 158,692,202	\$ 127,475,750
SURPLUS					
(5) Wellmark, Inc. state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$1,853,666,963	\$1,567,303,983
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$1,853,666,963	\$1,567,303,983

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

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

C. Accounting Policy

Premiums on fully insured accident and health plans are billed in advance of their respective coverage periods. Receivables and income for such premiums are recorded at the effective date of the coverage period. Premiums received in advance and any unearned portion of premiums are recorded on the balance sheets as premiums received in advance and unearned premiums and reported as income when earned.

Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Other costs, such as premium taxes and other underwriting expenses, are also charged to operations as incurred.

Real estate is carried at depreciated cost, less encumbrances. The fair value of real estate owned is determined by an internal analysis and evaluation of relevant market data.

In addition, the Company uses the following accounting policies:

(1) Basis for Short-Term Investments

Short-term investments that are NAIC designation 1 or 2 are reported at cost adjusted for amortization of premiums and accretion of discounts using the effective interest method. Short-term investments that are NAIC designation 3 through 6 are stated at the lower of amortized cost or fair value.

(2) Basis for Bonds and Amortization Schedule

Bonds that are NAIC designation 1 or 2 are reported at cost adjusted for amortization of premiums and accretion of discounts using the effective interest method. Bonds that are NAIC designation 3 through 6 are stated at the lower of amortized cost or fair value. When a decline in the fair value of a bond has been determined to be other than temporary, the Company evaluates whether the decline is interest or credit related. For those credit-related declines in value that are considered to be other than temporary, the bond's carrying value is reduced and a loss is realized on the Statement of Revenues and Expenses. Surplus notes that are rated by an NAIC credit rating provider and have an NAIC designation of 1 are reported at cost, adjusted for amortization of premiums and accretion of discounts using the effective interest method.

The Company does not own any mandatory convertible securities or SVO-identified investments identified in SSAP No. 26R.

(3) Basis for Common Stocks

Unaffiliated common stocks are reported at fair value. When a decline in the fair value of an unaffiliated common stock is considered to be other than temporary, the carrying value of the stock is reduced to fair value and a loss is realized on the Statement of Revenues and Expenses. The Company has no restricted common stock.

(4) Basis for Preferred Stocks

Preferred stock is reported based on the underlying characteristics of the security (redeemable or perpetual) and the quality rating of the security expressed as an NAIC designation.

NOTES TO FINANCIAL STATEMENTS

(5) Basis for Mortgage Loans

Not Applicable

(6) Basis for Loan-Backed Securities and Adjustment Methodology

Loan-backed securities that are NAIC designation 1 or 2 are reported at cost adjusted for amortization of premiums and accretion of discounts using the effective interest method. For all securities except for interest only securities or securities where the yield had become negative, the amortization of premiums and accretion of discounts on loan-backed securities is adjusted quarterly using current estimated future cash flows, including any new prepayment assumptions, using the retrospective adjustment method. Interest only securities and securities where the yield had become negative are valued using the prospective method. Loan-backed securities are stated at the lower of amortized cost or fair value if they are NAIC designation 3 through 6.

(7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities

Common stock of the Company's insurance subsidiaries are recorded at the equity in the underlying statutory basis of their net assets. Common stock of the Company's non-insurance subsidiaries is recorded at their U.S. GAAP equity, but all ownership interests have been nonadmitted at December 31, 2019 as GAAP audited financial statements are not obtained for these subsidiaries.

(8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities

The Company has ownership interests in two affiliated joint ventures. The Company carries these interests based on the underlying statutory equity of the investees.

The Company also has minor ownership interests in limited liability companies. The Company carries these interests based on the underlying equity of the investee. If a GAAP audited statement is unavailable, the Company considers these investments non-admitted. All ownership interests in limited liability companies have been nonadmitted at December 31, 2019.

The Company has a minor ownership interest in a limited partnership. The Company carries this interest based on the underlying audited GAAP equity of the investee.

(9) Accounting Policies for Derivatives

On occasion, the Company receives stock rights through corporate actions by common stock issuers that are reported as derivatives. The Company does not enter into derivative transactions for hedging, income generation, or replication purposes. All derivatives are reported at fair value.

(10) Anticipated Investment Income Used in Premium Deficiency Calculation

The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with Statement of Statutory Accounting Principles (SSAP) 54, Individual and Group Accident and Health Contracts.

(11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses

The Company provides a liability for unpaid and unreported benefits, which represents the estimated ultimate cost of benefits incurred through the balance sheet date. The liability is estimated on the basis of past experience and accumulated statistical data. Subsequent actual benefit experience may differ from the estimated liability due to variances in estimated and actual utilization of health care services, the amount of charges and other factors. These estimates are continuously reviewed and, as adjustments become necessary, such adjustments are reflected in current operations.

(12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period

The Company has not modified its capitalization policy from the prior period.

(13) Method Used to Estimate Pharmaceutical Rebate Receivables

The Company estimates pharmaceutical rebates utilizing past experience and accumulated statistical data. These estimates are continuously reviewed, and any adjustments are reflected in current operations.

D. Going Concern

Management has evaluated the Company's ability to continue as a going concern and has concluded that there are no events or circumstances that raise any doubt about the Company's ability to continue as a going concern.

Note 2 – Accounting Changes and Correction of Errors

Not Applicable

Note 3 – Business Combinations and Goodwill

Not Applicable

Note 4 – Discontinued Operations

Not Applicable

Note 5 – Investments**A. Mortgage Loans, including Mezzanine Real Estate Loans**

Not Applicable

B. Debt Restructuring

Not Applicable

NOTES TO FINANCIAL STATEMENTS

C. Reverse Mortgages

Not Applicable

D. Loan-Backed Securities

(1) Description of Sources Used to Determine Prepayment Assumptions

For fixed-rate agency mortgage-backed securities, prepayment speeds are calculated utilizing Mortgage Industry Advisory Corporation (MIAC) Mortgage Industry Medians (MIMs). MIMs are derived from a semi-monthly dealer-consensus survey of long-term prepayment projections. For other mortgage-backed, loan-backed, and structured securities, prepayment assumptions are utilized from Moody's Analytics. Moody's applies a flat economic credit model and utilizes a vector of multiple monthly speeds as opposed to a single speed for more robust projections. In instances where Moody's projections are not available, data from Reuters is used, which utilizes the median prepayment speed from contributors' models.

(2) Other-Than-Temporary Impairments

There were no loan-backed securities with a current period recognized other-than-temporary impairment (OTTI) classified on the basis for the OTTI as "Intent to sell" or "Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis."

(3) Recognized OTTI Securities

Loan-backed securities with a current period recognized other-than-temporary impairment, currently held by the Company, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities follows as of December 31, 2019:

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
83149V AB 5	\$ 2,370,090	\$ 2,311,542	\$ 58,548	\$ 2,311,542	\$ 2,311,542	12/01/2019
200474 BD 5	\$ 609,473	\$ 547,297	\$ 62,176	\$ 547,297	\$ 547,297	12/01/2019
Total			\$ 120,724			

(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	\$ 1,359,487
	2. 12 Months or Longer	\$ 1,398,727
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	\$ 94,636,695
	2. 12 Months or Longer	\$ 40,528,652

(5) Information Investor Considered in Reaching Conclusion that Impairments are Not Other-Than-Temporary

The unrealized losses on the Company's investments in loan-backed securities were due to temporary changes in interest rates and market conditions. The contractual cash flows of the agency mortgage-backed investments are guaranteed by an agency of the U.S. government and the non-agency mortgage-backed and asset-backed securities include collateral which reduce the risk of loss. Based on cash flow projections, the Company believes it will recover the carrying value of these investments. Because the Company does not have the intent to sell these securities, nor is it more likely than not the Company will be required to sell these securities until a recovery of carrying value, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

(1) Policy for Requiring Collateral or Other Security

The Company participates in a securities lending program through its custodian bank, Bank of New York Mellon (BNYM). On the day the loan is delivered, BNYM obtains collateral equal in amount to 102% for securities of United States issuers and 105% for securities of non-United States issuers of the market value of the securities loaned plus accrued interest. The collateralization of all loans is then reviewed daily during the term of the loan. Cash received as collateral will be held and maintained by BNYM in one of its collective investment vehicles in accordance with investment guidelines provided in the securities lending agreement. Because the Company and BNYM are not permitted by contract to sell or repledge the collateral, the collateral is not recorded on the Company's statutory Balance Sheet.

(2) Disclose the Carrying Amount and Classification of Both Assets and Liabilities

Not Applicable

(3) Collateral Received

Not Applicable

(4) Aggregate Value of the Reinvested Collateral

Not Applicable

(5) Collateral Reinvestment

Not Applicable

NOTES TO FINANCIAL STATEMENTS

(6) Detail on Collateral Transactions Not Permitted by Contract or Custom to Sell or Repledge

The Company accepts collateral through its securities lending program with BNYM that it is not permitted by contract or custom to sell or repledge. As of December 31, 2019, no securities were on loan and no collateral had been accepted.

(7) Collateral for Securities Lending Transactions that Extend Beyond One Year from the Reporting Date.

Not Applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

(1) Company Policies or Strategies for Repo Programs

The Company participates in a repurchase agreement with Bankers Trust (the Bank). The repurchase agreement is an obligation of the Bank to repay the Company the principal amount invested by the Company with interest upon demand by the Company. To secure the obligations under the repurchase agreement, the Bank grants to the Company an undivided security interest in certain United States government securities having a market value equal to at least 102% of the principal amount invested. The United States government securities comprising the collateral are at all times owned by the Bank; therefore, this collateral was not recorded on the Company's statutory Balance Sheet. Since the repurchase agreement matures upon demand, there is no asset-liability mismatch.

(2) Type of Repo Trades Used

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Bilateral (YES/NO)	YES	YES	YES	YES
b. Tri-Party (YES/NO)	NO	NO	NO	NO

(3) Original (Flow) and Residual Maturity

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Open – No Maturity	\$ 58,222,526	\$ 64,417,604	\$ 55,820,033	\$ 78,278,990
2. Overnight	\$	\$	\$	\$
3. 2 Days to 1 Week	\$	\$	\$	\$
4. >1 Week to 1 Month	\$	\$	\$	\$
5. >1 Month to 3 Months	\$	\$	\$	\$
6. >3 Months to 1 Year	\$	\$	\$	\$
7. > 1 Year	\$	\$	\$	\$
b. Ending Balance				
1. Open – No Maturity	\$ 4,233,352	\$ 64,417,604	\$ 20,965,802	\$ 60,533,926
2. Overnight	\$	\$	\$	\$
3. 2 Days to 1 Week	\$	\$	\$	\$
4. >1 Week to 1 Month	\$	\$	\$	\$
5. >1 Month to 3 Months	\$	\$	\$	\$
6. >3 Months to 1 Year	\$	\$	\$	\$
7. > 1 Year	\$	\$	\$	\$

(4) Fair Value Securities Sold and/or Acquired that Resulted in Default

No securities were sold and/or acquired that resulted in default.

(5) Securities Sold Under Repo – Secured Borrowing

The Company deposits cash into an overnight sweep account. The Bank sweeps cash out of the Company's account and invests these funds into a Repurchase Agreement. The Company has not sold any securities as part of this agreement.

(6) Securities Sold Under Repo – Secured Borrowing by NAIC Designation

The Company deposits cash into an overnight sweep account. The Bank sweeps cash out of the Company's account and invests these funds into a Repurchase Agreement. The Company has not sold any securities as part of this agreement.

(7) Collateral Received – Secured Borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	\$ 59,387,513	\$ 65,706,127	\$ 56,937,370	\$ 79,844,698
b. Ending Balance				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	\$ 4,318,500	\$ 65,706,127	\$ 21,385,689	\$ 61,745,040

NOTES TO FINANCIAL STATEMENTS

(8) Cash & Non-Cash Collateral Received – Secured Borrowing by NAIC Designation

Ending Balance	1 None	2 NAIC 1	3 NAIC 2	4 NAIC 3
a. Cash	\$	\$	\$	\$
b. Bonds- FV		61,745,040		
c. LB & SS- FV				
d. Preferred Stock- FV				
e. Common Stock				
f. Mortgage Loans- FV				
g. Real Estate- FV				
h. Derivatives- FV				
i. Other Invested Assets- FV				
j. Total Collateral Assets – FV (Sum of a through i)	\$	\$ 61,745,040	\$	\$

Ending Balance	5 NAIC 4	6 NAIC 5	7 NAIC 6	8 Does Not Qualify as Admitted
a. Cash	\$	\$	\$	\$
b. Bonds- FV				
c. LB & SS- FV				
d. Preferred Stock- FV				
e. Common Stock				
f. Mortgage Loans- FV				
g. Real Estate- FV				
h. Derivatives- FV				
i. Other Invested Assets- FV				
j. Total Collateral Assets – FV (Sum of a through i)	\$	\$	\$	\$

(9) Allocation of Aggregate Collateral by Remaining Contractual Maturity

	Fair Value
a. Overnight and Continuous	\$ 61,745,040
b. 30 Days or Less	\$
c. 31 to 90 Days	\$
d. >90 Days	\$

(10) Allocation of Aggregate Collateral Reinvested by Remaining Contractual Maturity

The Bank holds the collateral for the benefit of the Company during the term of the repurchase agreement. The Company does not have any authority to reinvest the collateral.

(11) Liability to Return Collateral – Secured Borrowing (Total)

The Bank holds the collateral for the benefit of the Company during the term of the repurchase agreement. The Bank retains all rights of ownership in the collateral unless or until a default under the repurchase agreement. As a result, no liability has been recognized on the Company's Balance Sheet.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not Applicable

H. Repurchase Agreements Transactions Accounted for as a Sale

Not Applicable

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not Applicable

J. Real Estate

Not Applicable

K. Low-Income Housing Tax Credits (LIHTC)

Not Applicable

L. Restricted Assets

Not Applicable

M. Working Capital Finance Investments

Not Applicable

N. Offsetting and Netting of Assets and Liabilities

Not Applicable

NOTES TO FINANCIAL STATEMENTS

O. 5GI Securities

Not Applicable

P. Short Sales

Not Applicable

Q. Prepayment Penalty and Acceleration Fees

(1) Number of CUSIPs	11
(2) Aggregate Amount of Investment Income	\$ 236,112

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

A. Investments in Joint Ventures, Partnerships and Limited Liability Companies that Exceed 10% of Ownership

As of December 31, 2019, the Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. Investments in Impaired Joint Ventures, Partnerships and Limited Liability Companies

The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships or Limited Liability Companies during 2019 or 2018.

Note 7 – Investment Income

A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued:

All investment income due and accrued relating to the Company's minor ownership interests in limited liability companies has been nonadmitted, on the basis that the related ownership interests in limited liability companies have been nonadmitted.

B. The total amount excluded:

The total amount excluded at December 31, 2019 was \$87,608.

Note 8 – Derivative InstrumentsA. Derivatives Under SSAP No. 86 – *Derivatives*

(1) Market Risk, Credit Risk and Cash Requirements

On occasion, the Company receives stock rights through corporate actions by common stock issuers that are reported as derivatives. The Company does not purchase derivatives and has no future cash commitments related to derivatives held.

(2) Objectives for Derivative Use

On occasion, the Company receives stock rights through corporate actions by common stock issuers that are reported as derivatives. The Company does not enter into derivative transactions for hedging, income generation, or replication purposes.

(3) Accounting Policies for Recognition and Measurement

All derivatives are reported at fair value with changes in fair value recorded in surplus. Realized gains and losses upon settlement or expiration of the derivatives are reported in net realized capital gains (losses) on the Statement of Revenue and Expenses.

(4) Identification of Whether the Reporting Entity has Derivative Contracts with Financing Premiums

Not Applicable

(5) Net Gain or Loss Recognized and Excluded From the Assessment of Hedge Effectiveness

Not Applicable

(6) Net Gain or Loss Recognized from Derivatives that no Longer Qualify for Hedge Accounting

Not Applicable

(7) Derivatives Accounted for as Cash Flow Hedges

Not Applicable

(8) Total Premium Costs for Contracts

Not Applicable

B. Derivatives under SSAP No. 108 – *Derivatives Hedging Variable Annuity Guarantees*

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 9 – Income Taxes****A. Deferred Tax Assets/(Liabilities)****1. Components of Net Deferred Tax Asset/(Liability)**

	2019			2018			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$ 52,848,000	\$ 2,900,000	\$ 55,748,000	\$ 43,949,000	\$ 1,711,000	\$ 45,660,000	\$ 8,899,000	\$ 1,189,000	\$ 10,088,000
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	\$ 52,848,000	\$ 2,900,000	\$ 55,748,000	\$ 43,949,000	\$ 1,711,000	\$ 45,660,000	\$ 8,899,000	\$ 1,189,000	\$ 10,088,000
d. Deferred tax assets nonadmitted				8,151,000		8,151,000	(8,151,000)		(8,151,000)
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 52,848,000	\$ 2,900,000	\$ 55,748,000	\$ 35,798,000	\$ 1,711,000	\$ 37,509,000	\$ 17,050,000	\$ 1,189,000	\$ 18,239,000
f. Deferred tax liabilities	551,000	28,206,000	28,757,000	419,000	9,991,000	10,410,000	132,000	18,215,000	18,347,000
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 52,297,000	\$(25,306,000)	\$ 26,991,000	\$ 35,379,000	\$(8,280,000)	\$ 27,099,000	\$ 16,918,000	\$(17,026,000)	\$ (108,000)

2. Admission Calculation Components SSAP No. 101

	2019			2018			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 28,081,000	\$ 1,471,000	\$ 29,552,000	\$ 25,093,000	\$ 898,000	\$ 25,991,000	\$ 2,988,000	\$ 573,000	\$ 3,561,000
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)				1,108,000		1,108,000	(1,108,000)		(1,108,000)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date				1,108,000		1,108,000	(1,108,000)		(1,108,000)
2. Adjusted gross deferred tax assets allowed per limitation threshold			273,635,000			230,612,000			43,023,000
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	24,767,000	1,429,000	26,196,000	9,597,000	813,000	10,410,000	15,170,000	616,000	15,786,000
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	\$ 52,848,000	\$ 2,900,000	\$ 55,748,000	\$ 35,798,000	\$ 1,711,000	\$ 37,509,000	\$ 17,050,000	\$ 1,189,000	\$ 18,239,000

3. Other Admissibility Criteria

	2019	2018
a. Ratio percentage used to determine recovery period and threshold limitation amount	1,102.5%	1,000.3%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 1,826,675,963	\$ 1,540,204,983

NOTES TO FINANCIAL STATEMENTS

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	2019		2018		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 52,848,000	\$ 2,900,000	\$ 43,949,000	\$ 1,711,000	\$ 8,899,000	\$ 1,189,000
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	%	%	%	%	%	%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 52,848,000	\$ 2,900,000	\$ 35,798,000	\$ 1,711,000	\$ 17,050,000	\$ 1,189,000
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	%	%	%	%	%	%

(b) Does the company's tax planning strategies include the use of reinsurance? **NO**

B. Deferred Tax Liabilities Not Recognized

The Company does not have any deferred tax liabilities not recognized.

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 2019	2 2018	3 (Col 1-2) Change
a. Federal	\$ 29,667,000	\$ 26,181,593	\$ 3,485,407
b. Foreign	\$	\$	\$
c. Subtotal	\$ 29,667,000	\$ 26,181,593	\$ 3,485,407
d. Federal income tax on net capital gains	\$ 965,000	\$ 8,365,000	\$ (7,400,000)
e. Utilization of capital loss carry-forwards	\$	\$	\$
f. Other	\$	\$	\$
g. Federal and Foreign income taxes incurred	\$ 30,632,000	\$ 34,546,593	\$ (3,914,593)

2. Deferred Tax Assets

	1 2019	2 2018	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 1,595,000	\$ 1,806,000	\$ (211,000)
2. Unearned premium reserve			
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets	316,000	362,000	(46,000)
8. Compensation and benefits accrual	16,697,000	15,734,000	963,000
9. Pension accrual			
10. Receivables - nonadmitted	8,430,000	3,147,000	5,283,000
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other (items <=5% and >5% of total ordinary tax assets)	25,810,000	22,900,000	2,910,000
Other (items listed individually >5% of total ordinary tax assets)			
Intangible assets at transition date	1,995,000	3,033,000	(1,038,000)
Prepaid assets - nonadmitted	9,481,000	10,791,000	(1,310,000)
Invested assets - nonadmitted	9,026,000	5,310,000	3,716,000
Nondeductible guaranty fund assessment			
Nondeductible legal expenses	4,906,000	3,360,000	1,546,000
Other - nonadmitted	381,000	402,000	(21,000)
99. Subtotal	\$ 52,848,000	\$ 43,949,000	\$ 8,899,000
b. Statutory valuation allowance adjustment			
c. Nonadmitted		8,151,000	(8,151,000)
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 52,848,000	\$ 35,798,000	\$ 17,050,000

NOTES TO FINANCIAL STATEMENTS

e. Capital:			
1. Investments	\$ 2,900,000	\$ 1,711,000	\$ 1,189,000
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <=5% and >5% of total capital tax assets)			
Other (items listed individually >5% of total capital tax assets)			
99. Subtotal	\$ 2,900,000	\$ 1,711,000	\$ 1,189,000
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	2,900,000	1,711,000	1,189,000
i. Admitted deferred tax assets (2d+2h)	\$ 55,748,000	\$ 37,509,000	\$ 18,239,000

3. Deferred Tax Liabilities

	1 2019	2 2018	3 (Col 1-2) Change
a. Ordinary:			
1. Investments	\$ 331,000	\$ 209,000	\$ 122,000
2. Fixed assets	220,000	210,000	10,000
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <=5% and >5% of total ordinary tax liabilities)			
Other (items listed individually >5% of total ordinary tax liabilities)			
Compensation and benefits accrual			
99. Subtotal	\$ 551,000	\$ 419,000	\$ 132,000
b. Capital:			
1. Investments	\$ 27,425,000	\$ 8,640,000	\$ 18,785,000
2. Real estate	781,000	1,351,000	(570,000)
3. Other (Items <=5% and >5% of total capital tax liabilities)			
Other (items listed individually >5% of total capital tax liabilities)			
99. Subtotal	\$ 28,206,000	\$ 9,991,000	\$ 18,215,000
c. Deferred tax liabilities (3a99+3b99)	\$ 28,757,000	\$ 10,410,000	\$ 18,347,000
4. Net Deferred Tax Assets/Liabilities (2i – 3c)	\$ 26,991,000	\$ 27,099,000	\$ (108,000)

5. The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the change in nonadmitted assets is reported separately from the change in net deferred income taxes in unassigned surplus):

	12/31/2019			12/31/18			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Total deferred tax assets	\$52,848,000	\$ 2,900,000	\$ 55,748,000	\$ 43,949,000	\$ 1,711,000	\$ 45,660,000	\$ 8,899,000	\$1,189,000	\$ 10,088,000
Total deferred tax liabilities	(551,000)	(28,206,000)	(28,757,000)	(419,000)	(9,991,000)	(10,410,000)	(132,000)	(18,215,000)	(18,347,000)
Net deferred tax asset (liability)	52,297,000	(25,306,000)	26,991,000	43,530,000	(8,280,000)	32,250,000	8,767,000	(17,026,000)	(8,259,000)
Tax effect of unrealized gains									19,078,000
Tax effect of SSAP92/SSAP102									(396,000)
Change in net deferred income tax									\$ 10,423,000

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

	12/31/19
Provision computed at statutory rate	\$ 39,758,000
Change in nonadmitted assets	(4,226,000)
Tax exempt income deduction	(723,000)
Dividends received deduction	(183,000)
100% dividend received from affiliate	(17,535,000)
Other permanent differences	458,000
§162(m)(6) limitation	3,351,000
Credits generated in current year	(519,000)
Accrual adjustment – prior year	(176,000)
Other	4,000
Totals	\$ 20,209,000
Federal and foreign income taxes incurred	29,667,000
Realized capital gains (losses) tax	965,000
Change in net deferred income taxes	(10,423,000)
Total statutory income taxes	\$ 20,209,000

E. Operating Loss Carry Forwards and Income Taxes Available for Recoupment

- At December 31, 2019, the Company did not have any unused operating loss carryforwards or tax credit carryforwards available to offset against future taxable income.

NOTES TO FINANCIAL STATEMENTS

2. The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses:

Year	Amounts
2019	\$30,900,000
2018	\$36,194,000
2017	\$3,813,000
TOTAL	\$70,907,000

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

F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities:

Wellmark of South Dakota, Inc.
 Wellmark Health Plan of Iowa, Inc.
 First Administrators, Inc.
 Midwest Benefit Consultants, Inc.
 Wellmark Holdings, Inc.

2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:

The method of allocation between the companies is subject to a written agreement, approved by the Board of Directors and the Iowa Insurance Division. Allocation is based upon separate return calculations with current credit for net losses.

At December 31, 2019 the Company's tax related balance due from subsidiaries was \$29,298,884.

G. Federal or Foreign Federal Income Tax Loss Contingencies:

At December 31, 2019, it is not reasonably possible to determine the Company's amount of tax loss contingencies that will significantly increase or decrease within twelve months of the reporting date.

H. Repatriation Transition Tax (RTT) - RTT owed under the TCJA

Not Applicable

I. Alternative Minimum Tax Credit

The Company recognized no AMT credit as a current year recoverable or as a deferred tax asset.

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

A, B & C. Nature of the Relationship Involved

The Company and Wellmark Health Plan of Iowa, Inc. (WHPI), a wholly owned subsidiary, have a management agreement whereby WHPI agrees to pay the Company for costs related to services outlined in the agreement. These costs are computed on a monthly basis. For 2019 and 2018, these costs were \$90,238,709 and \$81,008,664, respectively. The Company and WHPI also have an intercompany tax sharing arrangement (See Note 9). For 2019 and 2018, the tax related balance due from WHPI under this tax sharing arrangement was \$13,594,923 and \$11,103,294, respectively.

The Company and Wellmark of South Dakota, Inc. (WSD), a wholly owned subsidiary, have an intercorporate service agreement whereby WSD agrees to pay the Company for costs related to services outlined in the agreement. These costs are computed on a monthly basis. For 2019 and 2018, these costs were \$70,710,181 and \$66,077,823, respectively. The Company and WSD also have an intercompany tax sharing arrangement (See Note 9). For 2019 and 2018, the tax related balance due from WSD under this tax sharing arrangement was \$15,551,593 and \$13,549,520, respectively.

The Company received dividends of \$35,000,000 and \$28,000,000 from WHPI in 2019 and 2018, respectively. The Company also received dividends of \$48,500,000 and \$40,000,000 from WSD in 2019 and 2018, respectively. The dividends reduced the payable to WHPI and WSD and were recorded in net investment income.

D. Amounts Due From or To Related Parties

At December 31, 2019, the Company reported \$37,835,127 as amounts due to subsidiaries and affiliates and \$3,210 as admitted amounts due from subsidiaries and affiliates. At December 31, 2018, the Company reported \$36,131,163 as amounts due to subsidiaries and affiliates and \$33,005 as admitted amounts due from subsidiaries and affiliates. The terms of the agreements require these amounts to be settled within 30 days.

E. Guarantees or Undertakings

Not Applicable

F. Material Management or Service Contracts and Cost-Sharing Arrangements

The Company has an intercorporate services and investment and management agreement with some of its subsidiaries and affiliates to provide certain management and administrative services.

G. Nature of the Control Relationship

Not Applicable

H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned

Not Applicable

NOTES TO FINANCIAL STATEMENTS

I. Investments in SCA that Exceed 10% of Admitted Assets

The Company owns a 100% interest in WSD, whose carrying value exceeded 10% of the admitted assets of the Company in both 2019 and 2018. The Company carries WSD at its statutory equity, which was \$300,653,929 and \$283,051,803 as of December 31, 2019 and 2018, respectively. At December 31, 2019, WSD's statutory assets and liabilities were \$507,272,992 and \$206,619,063, respectively. At December 31, 2018, WSD's statutory assets and liabilities were \$472,745,060 and \$189,693,257, respectively. Statutory net income for WSD was \$53,413,288 and \$48,730,108 for the years ended December 31, 2019 and 2018, respectively.

J. Investments in Impaired SCAs

Not Applicable

K. Investment in Foreign Insurance Subsidiary

Not Applicable

L. Investment in Downstream Noninsurance Holding Company

Not Applicable

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				
Wellmark Holdings, Inc.	100.0%	\$ 57,034	\$	\$ 57,034
First Administrators, Inc.	100.0%	\$ 3,493,747	\$	\$ 3,493,747
Midwest Benefit Consultants, Inc.	100.0%	\$ 4,463,764	\$	\$ 4,463,764
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 8,014,545	\$	\$ 8,014,545
d. SSAP No. 97 8b(iv) Entities				
	%	\$	\$	\$
Total SSAP No. 97 8b(iv) Entities	XXX	\$	\$	\$
e. Total SSAP No. 97 8b Entities (except 8b(i) entities) (b + c + d)	XXX	\$ 8,014,545	\$	\$ 8,014,545
f. Aggregate Total (a + e)	XXX	\$ 8,014,545	\$	\$ 8,014,545

(2) NAIC Filing Response Information

SCA Entity (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						
Wellmark Holdings, Inc.	S1	10/25/2016	\$	Y	N	N/A
First Administrators, Inc.	S1	10/25/2016	\$	Y	N	N/A
Midwest Benefit Consultants, Inc.	S1	10/25/2016	\$	Y	N	N/A
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 (except 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

The Company is exempt from a Sub-2 filing for its SSAP 97 8b(iii) subsidiaries because they are fully nonadmitted.

N. Investment in Insurance SCAs

Not Applicable

NOTES TO FINANCIAL STATEMENTS

O. SCA or SSAP 48 Entity Loss Tracking

Not Applicable

Note 11 – Debt

Not Applicable

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

A. Defined Benefit Plan

The Company sponsors a pension program covering substantially all employees of the Company and its subsidiaries. The pension program contains both a defined benefit and cash balance plan available to eligible employees depending on the date of hire. The defined benefit pension plan benefits are based on years of service and the employee's highest five consecutive years' compensation in the last ten years of service. Under the cash balance plan employees earn annual credits based on a percentage of salary which are accumulated in an account that earns interest annually. The pension plan assets are held in the Non-Contributory Retirement Program for Certain Employees of Wellmark, Inc. Trust (Trust) with Prudential Bank & Trust, F.S.B. as the trustee. The recordkeeping responsibilities are performed by Prudential Retirement Insurance and Annuity Company (Prudential). The funding policy is to contribute amounts to the plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 and the Pension Protection Act of 1996, plus additional amounts as determined to be appropriate from time to time.

The Company also sponsors a postretirement health care benefit program. The program has two separate benefit plan calculations available to employees depending on the date of hire. One plan contributes toward the cost of health care premiums based on years of service and is available to employees who retire from the Company who have at least ten years of service and have attained age 65 while in service to the Company. This plan also includes a life insurance benefit based on the employee's annual salary at retirement and is available to employees who retire from the Company who have at least five years of service and have attained age 55 while in service to the Company. The second plan option allows employees to accumulate annual credits in an account that earns interest annually and can be used to pay for health care premiums when the employee becomes Medicare eligible. The Company has not funded either the postretirement health care or life insurance plans, but intends to meet the obligations of the plans through general assets of the Company.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2019 and 2018:

(1) Change in Benefit Obligation

	Overfunded		Underfunded	
	2019	2018	2019	2018
a. Pension Benefits				
1. Benefit obligation at beginning of year	\$ 299,079,086	\$ 320,505,868	\$	\$
2. Service cost	9,793,718	11,062,696		
3. Interest cost	12,963,176	11,795,259		
4. Contribution by plan participants				
5. Actuarial gain (loss)	49,715,248	(21,415,072)		
6. Foreign currency exchange rate changes				
7. Benefits paid	20,267,975	22,869,665		
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
10. Benefit obligation at end of year	\$ 351,283,253	\$ 299,079,086	\$	\$
b. Postretirement Benefits				
1. Benefit obligation at beginning of year	\$	\$	\$ 34,696,477	\$ 36,173,351
2. Service cost			1,352,760	1,563,863
3. Interest cost			1,428,025	1,301,655
4. Contribution by plan participants				
5. Actuarial gain (loss)			2,336,107	(3,109,194)
6. Foreign currency exchange rate changes				
7. Benefits paid			1,193,698	1,233,198
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
10. Benefit obligation at end of year	\$	\$	\$ 38,619,671	\$ 34,696,477
c. Special or Contractual Benefits per SSAP No. 11				
1. Benefit obligation at beginning of year	\$	\$	\$ 9,350,534	\$ 8,440,445
2. Service cost			18,950,901	21,188,428
3. Interest cost				
4. Contribution by plan participants				
5. Actuarial gain (loss)				
6. Foreign currency exchange rate changes				
7. Benefits paid			18,524,760	20,278,339
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
10. Benefit obligation at end of year	\$	\$	\$ 9,776,675	\$ 9,350,534

NOTES TO FINANCIAL STATEMENTS

(2) Change in Plan Assets

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2019	2018	2019	2018	2019	2018
a. Fair value of plan assets at beginning of year	\$ 324,167,802	\$ 302,978,428	\$	\$	\$	\$
b. Actual return on plan assets	58,559,715	(15,940,961)				
c. Foreign currency exchange rate changes						
d. Reporting entity contribution		60,000,000				
e. Plan participants' contributions						
f. Benefits paid	20,267,975	22,869,665				
g. Business combinations, divestitures and settlements						
h. Fair value of plan assets at end of year	\$ 362,459,542	\$ 324,167,802	\$	\$	\$	\$

(3) Funded Status

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
a. Components				
1. Prepaid benefit costs	\$ 132,170,033	\$ 145,976,908	\$	\$
2. Overfunded plans assets	\$ (120,993,744)	\$ (120,888,192)	\$	\$
3. Accrued benefit costs	\$	\$	\$ 36,551,642	\$ 34,406,379
4. Liability for pension benefits	\$	\$	\$ 2,068,029	\$ 290,098
b. Assets and liabilities recognized				
1. Assets (nonadmitted)	\$ 11,176,289	\$ 25,088,716	\$	\$
2. Liabilities recognized	\$	\$	\$ 38,619,671	\$ 34,696,477
c. Unrecognized liabilities	\$	\$	\$	\$

(4) Components of Net Periodic Benefit Cost

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2019	2018	2019	2018	2019	2018
a. Service cost	\$ 9,793,718	\$ 11,062,696	\$ 1,352,760	\$ 1,563,863	\$ 18,950,901	\$ 21,188,428
b. Interest cost	12,963,176	11,795,259	1,428,025	1,301,655		
c. Expected return on plan assets	(20,205,472)	(22,360,397)				
d. Transition asset or obligation						
e. Gains and losses	11,152,980	9,942,007	(10,884)			
f. Prior service cost or credit	102,473	201,387	569,060	569,060		
g. Gain or loss recognized due to a settlement curtailment						
h. Total net periodic benefit cost	\$ 13,806,875	\$ 10,640,952	\$ 3,338,961	\$ 3,434,578	\$ 18,950,901	\$ 21,188,428

(5) Amounts in Unassigned Funds (Surplus) Recognized as Components of Net Periodic Benefit Cost

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
a. Items not yet recognized as a component of net periodic cost – prior year	\$ 120,888,192	\$ 114,145,300	\$ 290,098	\$ 3,968,352
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	(102,473)	(201,387)	(569,060)	(569,060)
e. Net gain and loss arising during the period	11,361,005	16,886,286	2,336,107	(3,109,194)
f. Net gain and loss recognized	(11,152,980)	(9,942,007)	10,884	
g. Items not yet recognized as a component of net periodic cost – current period	\$ 120,993,744	\$ 120,888,192	\$ 2,068,029	\$ 290,098

(6) Amounts in Unassigned Funds (Surplus) That Have Not Yet Been Recognized as Components of Net Periodic Benefit Cost

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
a. Net transition asset or obligation	\$	\$	\$	\$
b. Net prior service cost or credit	\$ 495,918	\$ 598,391	\$ 2,598,549	\$ 3,167,609
c. Net recognized gains and losses	\$ 120,497,826	\$ 120,289,801	\$ (530,520)	\$ (2,877,511)

NOTES TO FINANCIAL STATEMENTS

(7) Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost as of December 31

Pension Benefits

	2019	2018
a. Weighted-average discount rate	4.5%	3.8%
b. Expected long-term rate of return on plan assets	6.5%	6.5%
c. Rate of compensation increase	3.50 - 8.00%	3.50 - 8.00%
d. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)	3.30 - 3.75%	2.80 - 3.75%
Weighted-average assumptions used to determine projected benefit obligations as of December 31		
e. Weighted-average discount rate	3.4%	4.5%
f. Rate of compensation increase	3.50 - 8.00%	3.50 - 8.00%
g. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)	2.25 - 3.00%	3.30 - 3.75%

Postretirement Benefits

	2019	2018
a. Weighted-average discount rate	4.3%	3.7%
b. Expected long-term rate of return on plan assets	N/A	N/A
c. Rate of compensation increase	3.5 - 8.0%	3.5 - 8.0%
d. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)	N/A	N/A
Weighted-average assumptions used to determine projected benefit obligations as of December 31		
e. Weighted-average discount rate	3.2%	4.3%
f. Rate of compensation increase	3.5 - 8.0%	3.5 - 8.0%
g. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates)	N/A	N/A

(8) Accumulated Benefit Obligation for Defined Benefit Pension Plans

The amount of the accumulated benefit obligation for the defined benefit pension plan was \$301,265,632 for the current year and \$256,598,329 for the prior year.

(9) For Postretirement Benefits Other Than Pensions, the Assumed Health Care Cost Trend Rate(s)

For postretirement benefits other than pensions, for measurement purposes, 8.00% (pre-65) and 8.25% (post-65) annual rates of increase in the per capita cost of covered health care benefits were assumed for 2019. These rates grade down annually to 4.75% for 2028 and beyond.

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

Pension Benefits

Year(s)	Amount
a. 2020	\$ 26,196,000
b. 2021	\$ 25,999,000
c. 2022	\$ 25,365,000
d. 2023	\$ 25,218,000
e. 2024	\$ 25,560,000
f. 2025 through 2029	\$ 123,724,000

Postretirement Benefits

Year(s)	Amount
a. 2020	\$ 1,987,000
b. 2021	\$ 2,126,000
c. 2022	\$ 2,122,000
d. 2023	\$ 2,202,000
e. 2024	\$ 2,335,000
f. 2025 through 2029	\$ 12,793,000

(11) Estimate of Contributions Expected to be Paid to the Plan

The Company does not have any regulatory contribution requirements for 2020. In addition, there are no current plans for the Company to make voluntary contributions to the defined benefit pension plan in 2020.

(12) Amounts and Types of Securities Included in Plan Assets

Not Applicable

(13) Alternative Method Used to Amortize Prior Service Amounts or Net Gains and Losses

Not Applicable

(14) Substantive Comment Used to Account for Benefit Obligation

Not Applicable

(15) Cost of Providing Special or Contractual Termination Benefits Recognized

Not Applicable

NOTES TO FINANCIAL STATEMENTS

- (16) Reasons for Significant Gains/Losses Related to Changes in Defined Benefit Obligation and any Other Significant Change in the Benefit Obligations or Plan Assets Not Otherwise Apparent

No Significant Changes

- (17) Accumulated Postretirement and Pension Benefit Obligation and Fair Value of Plan Assets for Defined Postretirement and Pension Benefit Plans

The Company contributed \$60,000,000 to the pension plan in 2018, resulting in the pension plan being in an overfunded status at December 31, 2019 and 2018. As required by SSAP 102, overfunded plan assets are nonadmitted. The Company has not funded either the postretirement health care or life insurance plans. The impact to surplus to recognize the unfunded status of the Other Postretirement Benefit Plans was \$2,068,029 and \$290,098 at December 31, 2019 and 2018, respectively.

- (18) Full Transition Surplus Impact of SSAP 102

Not Applicable

B. Investment Policies and Strategies

The Company's pension plan assets are invested in the Trust. The investment program for the Trust is based on the precepts of capital market theory that are generally accepted and followed by institutional investors, who by definition are long-term oriented investors. This philosophy holds that:

1. Increasing risk is rewarded with compensating returns over time and therefore, prudent risk taking is justifiable for long term investors.
2. Risk can be controlled through diversification of asset classes and investment approaches as well as diversification of individual securities.
3. Risk is reduced by time, and over time the relative performance of different asset classes is reasonably consistent. Over the long-term, equity investments have provided and should continue to provide superior returns over other security types. Fixed-income securities can dampen volatility and provide liquidity in periods of depressed economic activity. Lengthening duration of fixed income securities may reduce surplus volatility.
4. The strategic or long-term allocation of assets among various asset classes is an important driver of long term returns.
5. Relative performance of various asset classes is unpredictable in the short-term and attempts to shift tactically between asset classes are unlikely to be rewarded.

Investments will be made for the sole interest of the participants of the pension plan participating in the Trust. Accordingly, the assets of the Trust shall be invested in accordance with these objectives:

1. To seek and maintain an adequate funded status with regard to current liabilities within a targeted range.
2. To manage overall costs of running the pension plan at levels favorable to industry benchmarks.
3. To ensure assets are available to meet current and future benefit and expense obligations when due.

C. Fair Value of Plan Assets

- (1) Fair Value Measurements of Plan Assets at Reporting Date

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
Common/collective trusts	\$	\$	\$	\$
Equity accounts	\$	\$ 118,106,746	\$	\$ 118,106,746
Fixed account	\$	\$ 14,546,067	\$	\$ 14,546,067
Pooled separate accounts	\$	\$	\$	\$
Fixed income account	\$	\$ 68,847,583	\$	\$ 68,847,583
Short-term account	\$	\$ 1,833,473	\$	\$ 1,833,473
Mutual funds	\$	\$	\$	\$
Equity funds	\$ 46,282,646	\$	\$	\$ 46,282,646
Fixed funds	\$ 14,155,531	\$	\$	\$ 14,155,531
Total Plan Assets	\$ 60,438,177	\$ 203,333,869	\$	\$ 263,772,046

Pension plan assets also include \$83,064,960 of hedge funds where fair value is measured at net asset value per share as a practical expedient and \$15,622,536 of limited partnerships which are accounted for under the equity method.

- (2) Valuation Technique(s) and Inputs Used to Measure Fair Value

Generally Level 1 financial instruments consist of U.S. domestic equity securities and mutual funds that are actively traded and have quoted prices available. Mutual funds are valued at the Net Asset Value (NAV) of shares held based on the latest quoted market price. Financial instruments included in Level 2 consist of common/collective trusts and pooled separate accounts that have direct or indirect price inputs that are observable in active markets or are measured at NAV. The fair value of the hedge funds is estimated using NAV as a practical expedient. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Limited partnership investments are initially recorded at cost. The carrying amounts are then increased or decreased to reflect the Company's share of the income or loss. Quoted market prices do not exist for the limited partnerships. The underlying net assets within each limited partnership are estimated at NAV as a practical expedient using the equity method.

The Company obtains prices and/or relevant inputs to fair value calculations from external investment managers or from the custodian of the pension assets, which uses a third party pricing service. For securities not actively traded, the investment manager and/or pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, benchmark yields, credit spreads, default rates, prepayment conditions, and nonbinding broker quotes. Additionally, for investments that do not have quoted market prices whereby fair value is measured using NAV per share as a practical expedient, inputs used in the valuation methodologies also include redemption frequency and redemption notice periods, to give consideration to liquidity constraints, if applicable.

NOTES TO FINANCIAL STATEMENTS

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

The basis of the overall expected long-term rate of return on assets assumption is a forward-looking approach based on the current long-term capital market outlook assumptions of the asset categories the Trust invests in and the Trust's target asset allocation.

The assumed target asset allocation for the program is as follows: 43% equity securities, 27% fixed income, 23% hedge funds, 6% private equity, and 1% cash and cash equivalents. Portfolio expectations were estimated through a combination of underlying asset assumptions including geometric returns, distributions, and correlations. Using these assumptions over a 20 year time horizon under the target asset allocation, 25th to 75th percentile range of annual rates of return is 5.6% - 7.2%.

The Company selected the expected return on asset assumption of 6.25% for 2019. This rate is net of both investment and other administrative expenses charged to the Trust.

E. Defined Contribution Plans

The Company sponsors a defined contribution plan, which is qualified under Section 401(k) of the Internal Revenue Code. The plan covers substantially all employees of the Company and subsidiaries. Employees can contribute up to 80% of their annual salary (up to the elective deferral limits set by the Commissioner of Internal Revenue) to the plan. The Company will contribute an amount equal to 100% of the first 4% of salary contributed by the employee. The plan also provides for additional employer contributions at the discretion of the Board of Directors. The Company's contribution for this plan was \$3,665,588 and \$3,639,574 for 2019 and 2018, respectively.

F. Multiemployer Plans

Not Applicable

G. Consolidated/Holding Company Plans

The Company is the plan sponsor of a pension program and a postretirement health and life benefit program which cover substantially all employees of the consolidated group.

H. Postemployment Benefits and Compensated Absences

Not Applicable

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

The Company plans to return any subsidy received to retirees in the form of higher postretirement welfare benefits. Therefore, the effects of the subsidy are not reflected in the measurement of the accumulated postretirement benefit obligation or the net periodic benefit cost.

Note 13 – Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations**(1) Number of Shares and Par or Stated Value of Each Class**

Not Applicable

(2) Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues

Not Applicable

(3) Dividend Restrictions

Not Applicable

(4) Dates and Amounts of Dividends Paid

Not Applicable

(5) Profits that may be Paid as Ordinary Dividends to Stockholders

Not Applicable

(6) Restrictions Placed on Unassigned Funds (Surplus)

Not Applicable

(7) Amount of Advances to Surplus not Repaid

Not Applicable

(8) Amount of Stock Held for Special Purposes

Not Applicable

(9) Reasons for Changes in Balance of Special Surplus Funds from Prior Period

The balance in special surplus funds for the current year is due to the reclassification from unassigned surplus to special surplus funds, as required under SSAP 106, for the amount the Company anticipates it will pay for the 2020 health insurance provider fee. Nothing was reclassified from unassigned surplus to special surplus in the prior year due to the suspension of the fee for 2019.

(10) The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$596,919,224.

NOTES TO FINANCIAL STATEMENTS

- (11) The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations
Not Applicable
- (12) The Impact of any Restatement Due to Prior Quasi-Reorganizations
Not Applicable
- (13) Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization
Not Applicable

Note 14 – Liabilities, Contingencies and Assessments

A. Contingent Commitments

- (1) The Company is required by licensure requirements of the Blue Cross Blue Shield Association (BCBSA) to execute parental guarantees for its licensed controlled affiliates, pursuant to which the Company guarantees to the full extent of its assets all contractual and financial obligations of WHPI, WSD, FAI, WSH and WVHP to their respective customers. Also, the Company, as the parent of WHPI is required by the Iowa Insurance Division to guarantee the obligations of WHPI to pay for services to enrollees up to \$1,100,000.

Through parental guarantees executed between the Company and its joint venture companies WSH and WVHP, the Company guarantees that WSH and WVHP are in compliance with the Iowa statutory minimum for HMO capital and surplus of \$1,000,000 or the statutory minimum for risk-based capital for health organizations, whichever is greater.

- (2) Detail of Other Contingent Commitments

Not Applicable

- (3) Guarantee Obligations

Not Applicable

B. Assessments

- (1) Assessments Where Amount is Known or Unknown

The Company is subject to health related assessments by the Iowa Comprehensive Health Association and the Iowa Individual Health Benefit Reinsurance Association for high risk insurance pools. The Company accrued net admitted receivables of \$2,950,000 for estimated health related assessments to be returned to the Company at December 31, 2019.

The National Organization of Life & Health Insurance Guaranty Associations (NOLHGA) is an association consisting of the state life and health insurance guaranty organizations. State life and health insurance guaranty organizations, working with NOLHGA, provide a safety net for their state's policyholders, ensuring that they continue to receive coverage even if their insurer is declared insolvent. On March 1, 2017, the Pennsylvania Insurance Commissioner filed an order to place long-term care insurance carrier Penn Treaty Network America Insurance Company and its subsidiary American Network Insurance Company, or collectively Penn Treaty, into liquidation. The Company and other insurers are required to pay a portion of their policyholder claims through state guaranty association assessments.

The Company's guaranty fund payable is \$6,284,360 and \$14,326,052 as of December 31, 2019 and 2018, respectively. The assessment will be recoverable through premium tax offsets.

- (2) Assessments

Reconciliation of assets recognized from paid and accrued premium tax offsets and policy surcharges related to the Penn Treaty assessment:

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$	23,270,000
b.	Decreases current year:		
	Amortization of Prepaid Tax Asset		1,051,606
c.	Increases current year:		
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$	22,218,394

- (3) Guaranty Fund Liabilities and Assets Related to Assessments from Insolvencies for Long-Term Care Contracts

- a. Discount rate applied for guaranty fund liability 3.9%
Discount rate applied for related asset 3.5%

- b. The undiscounted and discounted amount of the guaranty fund assessments and related assets by insolvency:

Name of the Insolvency	Guaranty Fund Assessment		Related Assets	
	Undiscounted	Discounted	Undiscounted	Discounted
Penn Treaty Network America Insurance Company	\$ 32,764,360	\$ 6,284,360	\$ 24,718,394	\$ 22,218,394

NOTES TO FINANCIAL STATEMENTS

- c. Number of jurisdictions, ranges of years used to discount and weighted average number of years of the discounting time period for payables and recoverables by insolvency:

Name of the Insolvency	Payables			Recoverables		
	Number of Jurisdictions	Range of Years	Weighted Average Number of Years	Number of Jurisdictions	Range of Years	Weighted Average Number of Years
Penn Treaty Network America Insurance Company	1	1 - 26	11	1	1 - 5	2

C. Gain Contingencies

Not Applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not Applicable

E. Joint and Several Liabilities

Not Applicable

F. All Other Contingencies

The Company contracts with an unaffiliated company to handle data processing needs. Charges to the Company, after allocation of a portion of the costs to subsidiaries and affiliates, amounted to approximately \$7,040,000 in 2019. Future minimum payments through December 31, 2025, expiration date of the contract, total approximately \$20,520,000. In addition, such payments are subject to annual adjustments based upon policyholder count and other volume factors. The Company also contracts with another unaffiliated company for products and services. Charges to the Company, after allocation of a portion of the costs to subsidiaries and affiliates, amounted to approximately \$8,272,000 in 2019. Future minimum payments through December 31, 2032, the expiration date of this contract, total approximately \$101,738,000 for this contract.

The Company has agreements with various vendors for services and equipment in connection with the Company's disaster recovery site. Future minimum payments through October 23, 2022, expiration date of the longest agreement, total approximately \$2,058,000. Certain agreements have renewal options extending to the year 2032.

The Company along with the BCBSA and Blue Cross and/or Blue Shield licensees, or Blue Plans across the country, is a defendant in a single multi-district, consolidated lawsuit In re Blue Cross Blue Shield Antitrust Litigation that is pending in the United States District Court for the Northern District of Alabama. Generally, the litigation alleges that the BCBSA and Blue Plans have engaged in activities in violation of the Sherman Antitrust Act and related state laws through license agreements, best efforts rules that limit the percentage of non-Blue revenue of each plan, restrictions on acquisitions and other arrangements. The cases were brought by two putative nationwide classes of plaintiffs, health plan subscribers and providers. The case has been stayed while settlement negotiations are continuing. While a settlement has not yet been reached, the Company has made adequate provision for a settlement estimate. The ultimate outcome of settlement negotiations cannot be determined at this time.

In the ordinary course of business, the Company is involved in and subject to claims, contractual disputes and other uncertainties, which the Company defends vigorously. While the ultimate outcome of any other claims cannot be presently determined, in the opinion of management, adequate provision has been made for any potential losses which may result from these actions and the Company expects any liability that could result will not materially affect its financial position.

Note 15 – Leases

A. Lessee Operating Lease

(1) Lessee's Leasing Arrangements

a. Rental Expense

The Company leases office space, parking facilities and equipment under various noncancelable operating lease agreements that expire through April 2024. Rental expense associated with these lease arrangements was approximately \$712,000 and \$468,000 for 2019 and 2018, respectively.

b. Basis on Which Contingent Rental Payments are Determined

Not Applicable

c. Existence and Terms of Renewal or Purchase Options and Escalation Clauses

Certain rental commitments have renewal options extending through the year 2033. Some of these renewals are subject to adjustments in future periods.

d. Restrictions Imposed by Lease Agreements

Not Applicable

e. Identification of Lease Agreements that have been Terminated Early

Not Applicable

NOTES TO FINANCIAL STATEMENTS

(2) Leases with Initial or Remaining Noncancelable Lease Terms in Excess of One Year

- a. At December 31, 2019 the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
1. 2020	\$ 700,608
2. 2021	\$ 669,024
3. 2022	\$ 574,793
4. 2023	\$ 531,863
5. 2024	\$ 49,222
6. Total	\$ 2,525,510

- b. Total of Minimum Rentals to be Received in the Future under Noncancelable Subleases

Not Applicable

(3) For Sale-Leaseback Transactions

Not Applicable

B. Lessor Leases

Not Applicable

Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not Applicable

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

Not Applicable

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

A. ASO Plans

Not Applicable

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 2019:

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical cost incurred	\$ 1,484,968,996	\$ 1,475,106,794	\$ 2,960,075,790
b. Gross administrative fees accrued	46,115,010	86,477,128	132,592,138
c. Other income or expenses (including interest paid to or received from plans)			
d. Gross expenses incurred (claims and administrative)	1,554,162,009	1,578,399,154	3,132,561,163
e. Total net gain or loss from operations	\$ (23,078,003)	\$ (16,815,232)	\$ (39,893,235)

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

Reimbursements from Centers for Medicare and Medicaid Services (CMS) for the Company's participation in the Medicare Part D program for the year ended December 31, 2019 were \$54,074,499. This amount represents pharmacy benefit cost reimbursements for the Reinsurance Subsidy and Low-Income Cost Sharing Subsidy elements of the Medicare Part D program.

At December 31, 2019, the Company has a receivable of \$1,335,231 from CMS for these reimbursements and has recorded a payable of \$4,078,208 for pre-funded amounts received from CMS not applied to benefit payments.

During the year, the Company returned a net amount of \$1,974,648 for prior year pre-funded amounts received from CMS not applied to benefit payments.

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

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 20 – Fair Value Measurements**

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date

Description for Each Type of Asset or Liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
Assets at Fair Value					
Cash Equivalents	\$	\$	\$	\$	\$
Exempt MM Mutual Fund	\$ 23,896,085	\$	\$	\$	\$ 23,896,085
Sweep Account	\$	\$ 60,533,926	\$	\$	\$ 60,533,926
Bonds	\$	\$	\$	\$	\$
Industrial & Miscellaneous	\$	\$ 16,738,029	\$	\$	\$ 16,738,029
Bank Loans Unaffiliated	\$	\$ 2,635,477	\$	\$	\$ 2,635,477
Preferred Stock	\$	\$	\$	\$	\$
Industrial & Miscellaneous	\$ 1,631,286	\$	\$	\$	\$ 1,631,286
Common Stock	\$	\$	\$	\$	\$
Industrial & Miscellaneous	\$ 442,679,368	\$	\$ 2,811,894	\$	\$ 445,491,262
Mutual Funds	\$ 98,167,314	\$	\$	\$	\$ 98,167,314
Total	\$ 566,374,053	\$ 79,907,432	\$ 2,811,894	\$	\$ 649,093,379

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

Description	Beginning Balance at 1/1/2019	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 12/31/2019
a. Assets										
Common Stock - Industrial & Miscellaneous	\$ 4,355,435	\$	\$ (152,000)	\$ (704,986)	\$ (686,541)	\$	\$	\$ (14)	\$	\$ 2,811,894
Total	\$ 4,355,435	\$	\$ (152,000)	\$ (704,986)	\$ (686,541)	\$	\$	\$ (14)	\$	\$ 2,811,894

The amount reported as a Transfer Out of Level 3 has been nonadmitted during the reporting period.

(3) Policies when Transfers Between Levels are Recognized

The Company recognizes transfers between fair value hierarchy levels at the end of the reporting period.

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement

Bonds, structured securities, and surplus notes (other invested assets) are reported within Level 2 of the fair value hierarchy; all of these securities have direct or indirect price inputs that are observable in active markets. Fair values of these fixed income instruments are based on quoted market prices where available. The Company obtains at least one price from a third party pricing service or its custodian, which also uses a pricing service. In most instances, the Company obtains more than one price and evaluates between the pricing sources for any outliers or stale prices. Assuming prices are not stale and are reasonable between sources, the Company uses a pre-established hierarchy to conclude on which pricing source to utilize.

The pricing services normally derive security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, benchmark yields, credit spreads, default rates, prepayment conditions, and nonbinding broker quotes.

Level 3 financial instruments include privately held stocks whose fair values have been determined analytically by the NAIC Securities Valuation Office or estimated by management utilizing information provided by the respective companies who have issued the stock in the absence of readily ascertainable fair market values.

(5) Fair Value Disclosures

Not Applicable

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements

Statutory guidance requires the disclosure of fair values for certain other financial instruments for which it is practicable to estimate fair value, whether or not such values are recognized in the statements of assets, liabilities, capital and surplus. The carrying amounts for cash, receivable for securities, accrued investment income, premium receivables, other receivables, amounts due to/from affiliates, unearned premiums, accounts payable and accrued expenses, and certain other liabilities approximate fair value because of the short-term nature of these items.

C. Fair Value Level

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Cash Equivalents	\$ 87,753,594	\$ 87,753,643	\$ 23,896,085	\$ 63,857,509	\$	\$	\$
Short-Term Investments	\$ 7,386,940	\$ 7,386,854	\$	\$ 7,386,940	\$	\$	\$
Bonds	\$ 935,662,228	\$ 895,699,597	\$	\$ 935,662,228	\$	\$	\$
Preferred Stock	\$ 1,631,286	\$ 1,631,286	\$ 1,631,286	\$	\$	\$	\$
Common Stock	\$ 543,658,576	\$ 543,658,576	\$ 540,846,682	\$	\$ 2,811,894	\$	\$
Other Invested Assets	\$ 922,964	\$ 619,592	\$	\$ 922,964	\$	\$	\$

D. Not Practicable to Estimate Fair Value

Not Applicable

NOTES TO FINANCIAL STATEMENTS

E. NAV Practical Expedient Investments

Not Applicable

Note 21 – Other Items

A. Unusual or Infrequent Items

Not Applicable

B. Troubled Debt Restructuring Debtors

Not Applicable

C. Other Disclosures

Not Applicable

D. Business Interruption Insurance Recoveries

Not Applicable

E. State Transferable and Non-Transferable Tax Credits

Not Applicable

F. Subprime Mortgage Related Risk Exposure

(1) Description of the Subprime-Mortgage-Related Risk Exposure and Related Risk Management Practices

The Company's investment policy, approved by the Board of Directors, requires the use of high quality fixed income investments to cover its contractual liabilities. The investment policy requires that the Company's fixed income portfolio, excluding non-agency mortgage-backed securities, have a minimum average quality rating of BBB+ and the total of below investment grade securities, excluding non-agency mortgage-backed securities, is limited to 10% of the total portfolio. Further, no single issue, with the exception of US Government and Agency securities, can exceed 5% of an external investment manager's portfolio at time of purchase. The Company allows certain external investment managers to purchase non-agency mortgage-backed securities, and credit quality of those securities is at manager discretion with NAIC designation 1 or 2 preferred. The Company utilizes its strategic and tactical asset allocation to manage risk exposure, through allocations to various external investment managers with varying mandates.

The Company's exposure to subprime mortgages at December 31, 2019 is 1.8% of its total portfolio. The Company is receiving principal and interest payments on the subprime mortgage securities, and the Company does not require sale of these types of assets to meet future cash flow requirements. These securities are in gross unrealized gain and loss positions of \$3,988,768 and \$91,288, respectively, as of December 31, 2019. While no single definition exists for subprime, these securities are considered higher risk and carry higher than prime rates of interest. In addition to the interest rates, the Company considers the FICO scores below 660, level of documentation, evidence of delinquency, foreclosure, judgments or bankruptcy and other factors that limit the borrower's ability to service the debt when determining if a security should be classified as subprime.

(2) Direct Exposure Through Investments in Subprime Mortgage Loans

Not Applicable

(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	\$ 38,538,906	\$ 41,451,774	\$ 45,358,287	\$
b. Commercial mortgage-backed securities				
c. Collateralized debt obligations				
d. Structured securities	837,546	825,548	827,151	
e. Equity investments in SCAs*				
f. Other assets				
g. Total	\$ 39,376,452	\$ 42,277,322	\$ 46,185,438	\$

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

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

Not Applicable

G. Retained Assets

Not Applicable

H. Insurance-Linked Securities (ILS) Contracts

Not Applicable

I. The Amount that Could be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or has Otherwise Obtained Rights to Control the Policy

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 22 – Events Subsequent**

Type I - Recognized Subsequent Events:

Subsequent events have been considered through February 17, 2020 for the statutory statement issued on February 28, 2020.

Type II - Nonrecognized Subsequent Events:

Subsequent events have been considered through February 17, 2020 for the statutory statement issued on February 28, 2020.

On January 1, 2020, the Company will be subject to an annual fee under section 9010 of the federal Affordable Care Act (ACA). This annual fee is allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for the calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2019, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2020, and estimates its portion of the health insurance industry fee payable on September 30, 2020 to be \$44,511,000. This amount is reflected in special surplus in 2019. The assessment is expected to impact risk based capital (RBC) by a decrease of approximately 25 points. Reporting the ACA assessment as of December 31, 2019 would not have triggered an RBC action level.

The annual health insurance fee was suspended for 2019 under the H.R. 195 Legislation signed by President Trump on January 22, 2018. Due to the suspension of the fee for 2019, no amount was reclassified from unassigned surplus to special surplus in 2018; no premiums written in 2018 were subject to the ACA section 9010 assessment, and no ACA assessment was paid in 2019.

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 [X]	No []
		2019	2018
B.	ACA fee assessment payable for the upcoming year	\$ 44,511,000	\$
C.	ACA fee assessment paid		\$ 42,850,412
D.	Premium written subject to ACA 9010 assessment	\$ 1,879,243,316	\$
E.	Total adjusted capital before surplus adjustment (Five-Year Historical Line 14)	\$ 1,853,666,963	
F.	Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 1,809,155,963	
G.	Authorized control level (Five-Year Historical Line 15)	\$ 165,681,780	
H.	Would reporting the ACA assessment as of December 31, 2019 have triggered an RBC action level (YES/NO)?		Yes [] No [X]

Note 23 – Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? Yes [] No [X]
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business? Yes [] No [X]

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? Yes [] No [X]
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes [] No [X]

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected 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.

Not Applicable

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? Yes [] No [X]

B. Uncollectible Reinsurance

Not Applicable

C. Commutation of Ceded Reinsurance

Not Applicable

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination****A. Method Used to Estimate Accrued Retrospective Premium Adjustments**

The Company's participation in the Medicare Part D program includes a risk sharing provision with CMS. The Company estimates accrued retrospective premium adjustments for its Medicare Part D products through a prescribed formula approach. CMS adjusts its payments to the Company based on how actual benefit costs varied from the costs anticipated in the Company's bid for the Medicare Part D products. At December 31, 2019, the Company had four prior years remaining to be settled with CMS for the Medicare Part D products. The risk sharing amounts relating to all other prior years have been settled with CMS.

The Company estimates accrued retrospective premium adjustments for individuals, small groups and large groups according to retrospective rating features pursuant to the medical loss ratio rebate requirements subject to the Public Health Service Act.

B. Retrospective Premiums Recorded Through Written Premium or Adjustment to Earned Premium

The Company records accrued retrospective premium as an adjustment to earned premium.

C. Amount and Percentage of Net Premiums Written Subject to Retrospective Rating Features

The amount of net premiums written by the Company at December 31, 2019 that are subject to retrospective rating features was \$1,861,474,792, which represented 72.7% of the total net premiums written for the Company. No other net premiums written by the Company are subject to retrospective rating features.

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

The Company estimates no medical loss ratio rebates required pursuant to the Public Health Services Act at December 31, 2019.

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 [X] No []

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

a. Permanent ACA Risk Adjustment Program	AMOUNT
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments)	\$ 15,446,000
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	\$ 90,573
3. Premium adjustments payable due to ACA Risk Adjustment (including high-risk pool premium)	\$ 1,263,994
Operations (Revenue & Expenses)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$ 17,233,698
5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	\$ 91,448

b. Transitional ACA Reinsurance Program	AMOUNT
Assets	
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	\$
Liabilities	
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	\$
5. Ceded reinsurance premiums payable due to ACA Reinsurance	\$
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	\$ 39,957
9. ACA Reinsurance contributions – not reported as ceded premium	\$

c. Temporary ACA Risk Corridors Program	AMOUNT
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	\$

NOTES TO FINANCIAL STATEMENTS

(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 Dec. 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec. 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
					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)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable (including high-risk pool payments)	\$ 8,148,658		\$ 12,285,341		\$ (4,136,683)		\$ 4,136,683			A	
2. Premium adjustments payable (including high-risk pool premium)				(1,084,991)		1,084,991		(1,229,985)		B	(144,994)
3. Subtotal ACA Permanent Risk Adjustment Program	\$ 8,148,658		\$ 12,285,341	\$ (1,084,991)	\$ (4,136,683)	\$ 1,084,991	\$ 4,136,683	\$ (1,229,985)			\$ (144,994)
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	\$ 50,085		\$ 50,085								
2. Amounts recoverable for claims unpaid (contra liability)											
3. Amounts receivable relating to uninsured plans											
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium											
5. Ceded reinsurance premiums payable											
6. Liability for amounts held under uninsured plans											
7. Subtotal ACA Transitional Reinsurance Program	\$ 50,085		\$ 50,085								
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$			\$
2. Reserve for rate credits or policy experience rating refunds											
3. Subtotal ACA Risk Corridors Program	\$	\$	\$	\$	\$	\$	\$	\$			\$
d. Total for ACA Risk-Sharing Provisions											
	\$ 8,198,743		\$ 12,335,426	\$ (1,084,991)	\$ (4,136,683)	\$ 1,084,991	\$ 4,136,683	\$ (1,229,985)			\$ (144,994)

Explanations of Adjustments

- A. Revised data received.
- B. Revised data received.

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

Not Applicable

(5) ACA Risk Corridors Receivable as of Reporting Date

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 25 – Change in Incurred Losses and Loss Adjustment Expenses**

A. Change in Incurred Losses and Loss Adjustment Expenses

The Company's December 31, 2018 reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years of \$354,087,478 have decreased \$36,053,932. Because unpaid losses are estimated based on past experience and accumulated statistical data, the Company's actual benefit payments have varied from the original estimates.

B. Information about Significant Changes in Methodologies and Assumptions

There have been no significant changes in methodologies and assumptions used in calculating the liability for unpaid losses and loss adjustment expenses.

Note 26 – Intercompany Pooling Arrangements

Not Applicable

Note 27 – Structured Settlements

Not Applicable

Note 28 – Health Care Receivables

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days After Billing
12/31/2019	\$ 49,977,821	\$	\$	\$	\$
09/30/2019	\$ 48,330,912	\$ 54,398,234	\$	\$	\$
06/30/2019	\$ 48,934,388	\$ 53,827,588	\$	\$ 39,689,129	\$
03/31/2019	\$ 45,259,334	\$ 46,727,599	\$	\$ 35,286,669	\$ 4,933,814
12/31/2018	\$ 39,260,890	\$ 31,678,253	\$	\$ 38,473,482	\$ 7,411,500
09/30/2018	\$ 34,289,296	\$ 30,379,218	\$ 3,758,947	\$ 29,898,253	\$ 8,372,752
06/30/2018	\$ 33,860,184	\$ 33,095,204	\$	\$ 32,529,562	\$ 8,293,968
03/31/2018	\$ 34,456,513	\$ 33,705,583	\$	\$ 32,146,844	\$ 7,987,055
12/31/2017	\$ 36,163,417	\$ 37,149,804	\$	\$ 36,557,799	\$ 1,550,954
09/30/2017	\$ 33,093,827	\$ 33,516,461	\$	\$ 32,584,146	\$ 595,370
06/30/2017	\$ 33,789,257	\$ 27,453,206	\$ 4,445,399	\$ 28,091,145	\$ 341,848
03/31/2017	\$ 29,629,338	\$ 33,672,006	\$	\$ 30,345,037	\$ 904,172

B. Risk-Sharing Receivables

Not Applicable

Note 29 – Participating Policies

Not Applicable

Note 30 – Premium Deficiency Reserves

- Liability carried for premium deficiency reserve: \$0
- Date of most recent evaluation of this liability: January 22, 2020
- Was anticipated investment income utilized in the calculation? Yes [X] No []

Note 31 – Anticipated Salvage and Subrogation

Not Applicable

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
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
- 1.3 State regulating? Iowa
- 1.4 Is the reporting entity publicly traded or a member of publicly traded group? Yes No
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. _____
- 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
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2016
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2016
- 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). 06/29/2018
- 3.4 By what department or departments? Iowa Insurance Division
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes 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
- 4.12 renewals? Yes No
- 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
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
If the answer is YES, complete and file the merger history data file with the NAIC.
- 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
Name of Entity | 2
NAIC
Company
Code | 3
State of
Domicile |
|---------------------|------------------------------|---------------------------|
| | | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No
- 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
- 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
Nationality | 2
Type of Entity |
|------------------|---------------------|
| | |
- 8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board? Yes No
- 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
- 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
Affiliate Name | 2
Location (City, State) | 3
FRB | 4
OCC | 5
FDIC | 6
SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP, 801 Grand Avenue, Des Moines, IA 50309
- 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
- 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
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes No N/A
- 10.6 If the response to 10.5 is no or n/a, please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Daniel J. Callahan, Senior Actuary, FSA, MAAA (employee), 1331 Grand Avenue, Des Moines, IA 50309-2901
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes No
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved 0
- 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If yes, provide explanation
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes No
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes No
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes No N/A
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes 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
- 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
- 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
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.
- | 1
American Bankers Association (ABA)
Routing Number | 2
Issuing or Confirming Bank Name | 3
Circumstances That Can Trigger
the Letter of Credit | 4
Amount |
|---|--------------------------------------|---|-------------|
| | | | \$ |
- BOARD OF DIRECTORS**
16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes 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 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 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
- 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 reporting in the statement? Yes No
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ 0
- 21.22 Borrowed from others \$ 0
- 21.23 Leased from others \$ 0
- 21.24 Other \$ 0
- 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
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ 6,718,475
- 22.22 Amount paid as expenses \$ 0
- 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0
- INVESTMENT**
- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes 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).
The Company participates in a securities lending program through its custodian bank, Bank of New York Mellon (BNYM). On the day the loan is delivered, BNYM obtains collateral equal in amount to 102% for securities of United States issuers and 105% for securities of non-United States issuers of the market value of the securities loaned plus accrued interest. The collateralization of all loans is then reviewed daily during the term of the loan. Cash received as collateral will be held and maintained by BNYM in one of its collective investment vehicles in accordance with the investment guidelines provided in the securities lending agreement. Prior to the close of business for the calendar year, at the request of the Company, BNYM recalls all securities that are out on loan. As of December 31, 2019, no securities were on loan.
- 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. \$ 0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ 0
- 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 \$ 60,533,926
- 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
Nature of Restriction | 2
Description | 3
Amount |
|----------------------------|------------------|-------------|
| | | \$ |
- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes No N/A
- Lines 26.3 through 26.5 are for Life/Fraternal reporting entities only.**
- 26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a results of interest rate sensitivity? Yes No
- 26.4 If the response to 26.3 is yes. Does the reporting entity utilize:
- 26.41 Special accounting provisions of SSAP No. 108 Yes No
- 26.42 Permitted accounting practice Yes No
- 26.43 Other accounting guidance Yes No
- 26.5 By responding yes to 26.41 regarding utilizing the special accounting provision of SSAP No. 108, does the reporting entity attest to the following: Yes No
- The reporting entity has obtained explicit approval from the domiciliary state.
 - Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
 - Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guidance Conditional Tail Expectation Amount.
 - Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.
- 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: \$ 0
28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes No

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

1 Name of Custodian(s)	2 Custodian's Address
The Bank of New York Mellon	BNY Mellon Center, 500 Grant Street, Pittsburgh, PA 15258
Bankers Trust Company	453 7th Street, Des Moines, IA 50309

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

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

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

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

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

28.05 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 Name of Firm or Individual	2 Affiliation
NISA Investment Advisors, LLC	U
Wellington Management Company LLP	U
Fisher Investments, Inc.	U
BlackRock Financial Management, Inc.	U
Metropolitan West Asset Management LLC	U
Pyrford International, Ltd.	U

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 invested assets? Yes [X] 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 invested assets? Yes [X] 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 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
107313	NISA Investment Advisors, LLC	549300L1G2JOW7XNY28	SEC	NO
106595	Wellington Management Company LLP	549300YHP12TEZNL CX41	SEC	NO
107342	Fisher Investments, Inc.	549300YOG7L5RIDRN993	SEC	NO
107105	BlackRock Financial Management, Inc.	549300LVXYIVJKE13M84	SEC	NO
104571	Metropolitan West Asset Management LLC	5493004MDKGXC00IY283	SEC	NO
105646	Pyrford International, Ltd.	549300N5W87B2ISAUG48	SEC	NO

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 [X] No []

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
693390 60 1	PIMCO Short-term Instl	\$ 1,756,466
72201F 49 0	PIMCO Income Instl	\$ 90,534,727
29.2999	TOTAL	\$ 92,291,193

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
PIMCO Short-term Instl	PIMCO Short Asset Portfolio	\$ 124,709	09/30/2019
PIMCO Short-term Instl	Fannie Mae UMBS TBA 4.000% due 10/01/2049-11/01/2049	\$ 121,196	09/30/2019
PIMCO Short-term Instl	U.S. TIPS 0.750% due 07/15/2028	\$ 38,642	09/30/2019
PIMCO Short-term Instl	Fannie Mae UMBS TBA 3.500% due 11/01/2049-12/01/2049	\$ 29,860	09/30/2019
PIMCO Short-term Instl	Fannie Mae UMBS TBA 3.000% due 11/01/2049	\$ 28,103	09/30/2019
PIMCO Income Instl	Fannie Mae UMBS TBA 3.000% due 11/01/2049	\$ 4,961,303	09/30/2019
PIMCO Income Instl	Fannie Mae UMBS 4.000% due 03/01/2049	\$ 2,652,668	09/30/2019
PIMCO Income Instl	Credit Suisse Mortgage Capital Trust 3.420% due 07/25/2058	\$ 1,964,604	09/30/2019
PIMCO Income Instl	PIMCO Short-Term Floating NAV Portfolio III	\$ 1,439,502	09/30/2019
PIMCO Income Instl	Fannie Mae UMBS 4.000% due 10/01/2047	\$ 1,385,181	09/30/2019

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	\$ 906,410,083	\$ 946,372,751	\$ 39,962,668
30.2	Preferred Stocks	\$ 1,631,286	\$ 1,631,286	\$ 0
30.3	Totals	\$ 908,041,369	\$ 948,004,037	\$ 39,962,668

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

The Company obtains at least one price from a third party pricing service or its custodian, which also uses a pricing service, for bonds and preferred stocks. In most instances, the Company obtains more than one price and evaluates between the pricing sources for any outliers or stale prices. Assuming prices are not stale and are reasonable between sources, the Company uses a pre-established hierarchy to conclude on which pricing source to utilize.

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:

33. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities?

Yes No

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?

Yes No

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The security had a public credit rating(s) with annual surveillance assigned by NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

Yes No

OTHER

36.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 2,169,133

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

1 Name	2 Amount Paid
Blue Cross and Blue Shield Association	\$ 1,245,667

37.1 Amount of payments for legal expenses, if any? \$ 1,346,188

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

1 Name	2 Amount Paid
Nyemaster Goode	\$ 582,624

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 146,413

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

1 Name	2 Amount Paid
	\$

GENERAL INTERROGATORIES**PART 2 – HEALTH INTERROGATORIES**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?			Yes [X]	No []
1.2	If yes, indicate premium earned on U.S. business only.		\$	420,477,350	
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.		\$	361,015,097	
1.6	Individual policies:				
	Most current three years:				
1.61	Total premium earned		\$	70,700,198	
1.62	Total incurred claims		\$	63,666,832	
1.63	Number of covered lives			44,639	
	All years prior to most current three years:				
1.64	Total premium earned		\$	349,777,152	
1.65	Total incurred claims		\$	297,348,265	
1.66	Number of covered lives			130,881	
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		2	
		Current Year		Prior Year	
2.1	Premium Numerator	\$	2,561,042,188	\$	2,615,762,137
2.2	Premium Denominator	\$	2,561,042,188	\$	2,615,762,137
2.3	Premium Ratio (2.1/2.2)		100.0%		100.0%
2.4	Reserve Numerator	\$	430,350,622	\$	421,984,380
2.5	Reserve Denominator	\$	430,350,622	\$	421,984,380
2.6	Reserve Ratio (2.4/2.5)		100.0%		100.0%
3.1	Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?			Yes []	No [X]
3.2	If yes, give particulars:				
4.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?			Yes [X]	No []
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?			Yes [X]	No []
5.1	Does the reporting entity have stop-loss reinsurance?			Yes []	No [X]
5.2	If no, explain: <u>The Company retains all risk.</u>				
5.3	Maximum retained risk (see instructions)				
5.31	Comprehensive Medical		\$	9,999,999	
5.32	Medical Only		\$	0	
5.33	Medicare Supplement		\$	9,999,999	
5.34	Dental and Vision		\$	9,999,999	
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: <u>Reserves exceed regulatory requirements. Member of Iowa Life & Health Insurance Guaranty Association under Iowa Code 508C.</u>				
7.1	Does the reporting entity set up its claim liability for provider services on a service date basis?			Yes [X]	No []
7.2	If no, give details				

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 9,204
- 8.2 Number of providers at end of reporting year 9,346
-
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees 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 [X] No []
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses 20,154,120
- 10.22 Amount actually paid for year bonuses 13,742,655
- 10.23 Maximum amount payable withholds 0
- 10.24 Amount actually paid for year withholds 0
-
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [] No [X]
- 11.13 An Individual Practice Association (IPA), or, Yes [] No [X]
- 11.14 A Mixed Model (combination of above)? Yes [] No [X]
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No []
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus. Iowa
- 11.4 If yes, show the amount required. \$ 5,000,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]
- 11.6 If the amount is calculated, show the calculation

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

1 Name of Service Area
Iowa
South Dakota

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

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

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [X] No []
- 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [] No [X]

FIVE-YEAR HISTORICAL DATA

	1 2019	2 2018	3 2017	4 2016	5 2015
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28).....	2,762,240,921	2,438,665,980	2,423,522,882	2,129,480,667	2,043,927,418
2. Total liabilities (Page 3, Line 24).....	908,573,958	871,361,997	899,403,414	799,205,981	721,945,415
3. Statutory minimum capital and surplus requirement.....	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
4. Total capital and surplus (Page 3, Line 33).....	1,853,666,963	1,567,303,983	1,524,119,468	1,330,274,686	1,321,982,003
Income Statement (Page 4)					
5. Total revenues (Line 8).....	2,560,232,134	2,625,888,455	2,646,943,303	2,656,267,827	2,535,836,243
6. Total medical and hospital expenses (Line 18).....	2,172,199,169	2,263,994,172	2,275,307,305	2,305,850,113	2,212,112,391
7. Claims adjustment expenses (Line 20).....	99,090,076	91,852,920	97,845,527	92,200,746	80,305,713
8. Total administrative expenses (Line 21).....	227,641,958	274,070,264	262,907,000	311,879,974	287,600,076
9. Net underwriting gain (loss) (Line 24).....	61,300,931	(4,028,901)	10,883,471	(53,663,006)	(44,181,937)
10. Net investment gain (loss) (Line 27).....	139,380,920	157,999,161	59,429,982	47,645,297	50,740,427
11. Total other income (Lines 28 plus 29).....	(12,322,649)	(312,917)	(19,298,372)	(492,595)	(316,495)
12. Net income or (loss) (Line 32).....	158,692,202	127,475,750	43,089,081	(26,507,304)	(1,832,005)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	75,420,966	11,906,851	46,705,072	(818,390)	9,876,191
Risk-Based Capital Analysis					
14. Total adjusted capital.....	1,853,666,963	1,567,303,983	1,524,119,468	1,330,274,686	1,321,982,003
15. Authorized control level risk-based capital.....	165,681,780	153,973,624	147,166,563	142,115,619	140,286,299
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	1,213,004	1,223,786	1,254,850	1,273,834	1,299,157
17. Total member months (Column 6, Line 7).....	14,689,144	14,804,430	15,050,662	15,216,983	15,535,137
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19).....	84.8	86.2	86.0	86.8	87.2
20. Cost containment expenses.....	0.8	0.7	0.8	0.7	0.7
21. Other claims adjustment expenses.....	3.1	2.8	2.9	2.8	2.4
22. Total underwriting deductions (Line 23).....	97.6	100.2	99.6	102.0	101.7
23. Total underwriting gain (loss) (Line 24).....	2.4	(0.2)	0.4	(2.0)	(1.7)
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5).....	320,806,165	321,729,907	341,115,730	239,887,885	216,690,565
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	304,814,070	299,267,250	323,492,015	227,765,081	223,935,080
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....	544,174,038	491,359,226	495,750,290	414,739,140	403,191,015
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.....	544,174,038	491,359,226	495,750,290	414,739,140	403,191,015
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

State, Etc.	1 Active Status (a)	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
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	L	2,259,674,787			258,210,655			2,517,885,442		
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	L	43,156,746						43,156,746		
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	N								.0	
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	0
59. Subtotal.....XXX		2,302,831,533	0	0	258,210,655	0	0	2,561,042,188	0	0
60. Reporting entity contributions for Employee Benefit Plans.....XXX									0	
61. Total (Direct Business).....XXX		2,302,831,533	0	0	258,210,655	0	0	2,561,042,188	0	0

DETAILS OF WRITE-INS

58001.....									.0	
58002.....									.0	
58003.....									.0	
58998. Summary of remaining write-ins for line 58.....		0	0	0	0	0	0	0	0	0
58999. Total (Lines 58001 through 58003 + 58998).....		0	0	0	0	0	0	0	0	0

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG..... 2
 E - Eligible - Reporting entities eligible or approved to write surplus lines in the state..... 0

R - Registered - Non-domiciled RRGs..... 0
 Q - Qualified - Qualified or accredited reinsurer..... 0

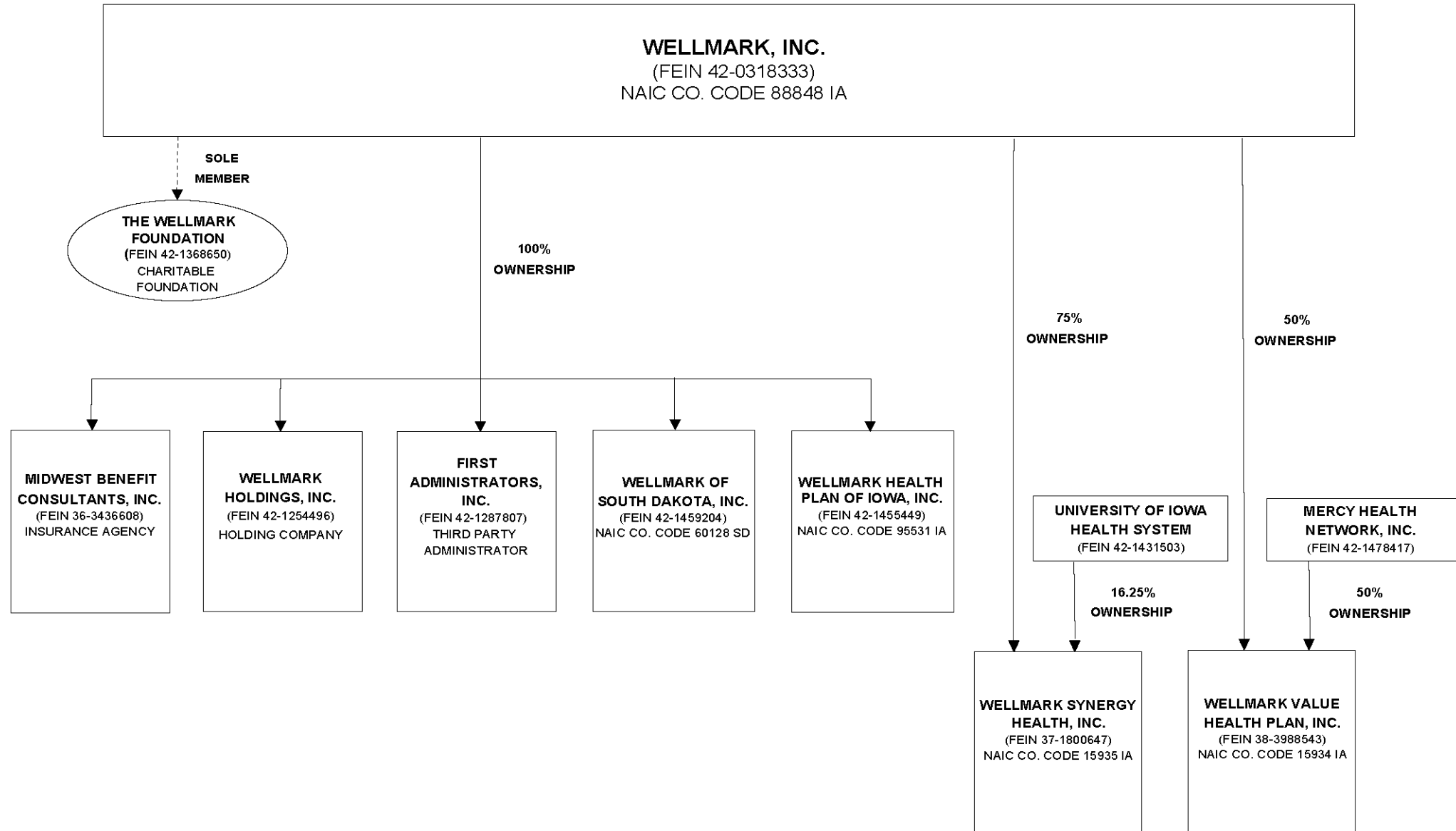
N - None of the above - Not allowed to write business in the state..... 55

(b) Explanation of basis of allocation by states, premiums by state, etc.

Accident and Health premiums are allocated according to the location of the group or individual purchaser at the point of issue.

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

PART 1 – ORGANIZATIONAL CHART



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