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ANNUAL STATEMENT

For the Year Ended December 31, 2017

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 *(Street and Number) (City or Town, State, Country and Zip Code)*	515-376-4500 *(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 *(Street and Number) (City or Town, State, Country and Zip Code)*	515-376-4500 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.wellmark.com	
Statutory Statement Contact	Christa Daneen Kuennen *(Name)*	515-376-4144 *(Area Code) (Telephone Number) (Extension)*
	kuennencd@wellmark.com *(E-Mail Address)*	515-376-9054 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. John Douglas Forsyth	Chairman & CEO	2. Francis (Frank) James Stork	Secretary
3. David Seth Brown	EVP, CFO & Treasurer	4.	

OTHER

Marcelle Jo Chickering	Michael James Crowley
Michele Ann Druker #	G. Paul Eddy
Timothy Robert Gutshall MD	Cory Randall Harris
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)	(Signature)	(Signature)
John Douglas Forsyth	Francis (Frank) James Stork	David Seth Brown
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chairman & CEO	Secretary	EVP, CFO & Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This ________ day of ________ 2018

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 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	893,364,993		893,364,993	761,733,110
2. Stocks (Schedule D):				
2.1 Preferred stocks	997,857	979,760	18,097	993,314
2.2 Common stocks	899,986,560	15,015,739	884,970,821	717,330,520
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)	162,809,577		162,809,577	170,836,645
4.2 Properties held for the production of income (less $..........0 encumbrances)			0	
4.3 Properties held for sale (less $..........0 encumbrances)			0	
5. Cash ($.....111,757,009, Schedule E-Part 1), cash equivalents ($.....23,831,181, Schedule E-Part 2) and short-term investments ($.....11,740,673, Schedule DA)	147,328,863		147,328,863	103,291,354
6. Contract loans (including $..........0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)	20,392,960	6,608,557	13,784,403	11,270,901
9. Receivables for securities	161,611		161,611	145,614
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)	2,125,042,421	22,604,056	2,102,438,365	1,765,601,458
13. Title plants less $..........0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	7,216,253	31,500	7,184,753	6,506,389
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	91,029,094	154,459	90,874,635	82,695,856
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums ($.....1,608,785) and contracts subject to redetermination ($.....14,847,100)	16,455,885		16,455,885	21,431,069
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,751,855	1,751,855	0	8,096,000
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans	88,271,839	87,725	88,184,114	90,910,674
18.1 Current federal and foreign income tax recoverable and interest thereon	15,287,016		15,287,016	5,386,150
18.2 Net deferred tax asset	10,470,000		10,470,000	55,192,000
19. Guaranty funds receivable or on deposit	23,270,000		23,270,000	
20. Electronic data processing equipment and software	5,885,238	1,425,755	4,459,483	8,417,740
21. Furniture and equipment, including health care delivery assets ($..........0)	18,191,868	18,191,868	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	7,412,686	3,158,222	4,254,464	22,897,792
24. Health care ($.....54,019,991) and other amounts receivable	73,972,833	13,930,229	60,042,604	61,703,110
25. Aggregate write-ins for other-than-invested assets	71,215,132	70,613,569	601,563	642,429
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	2,555,472,120	131,949,238	2,423,522,882	2,129,480,667
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTAL (Lines 26 and 27)	2,555,472,120	131,949,238	2,423,522,882	2,129,480,667

DETAILS OF WRITE-INS

	1	2	3	4
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	49,010,213	49,010,213	0	
2502. Other Prepaid Expenses	19,593,585	19,593,585	0	
2503. Miscellaneous Assets	2,611,334	2,009,771	601,563	642,429
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	71,215,132	70,613,569	601,563	642,429

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $..........0 reinsurance ceded)	348,224,160		348,224,160	365,402,744
2. Accrued medical incentive pool and bonus amounts	18,991,304		18,991,304	25,212,000
3. Unpaid claims adjustment expenses	4,005,076		4,005,076	4,042,180
4. Aggregate health policy reserves, including the liability of $..........0 for medical loss ratio rebate per the Public Health Service Act	63,022,744		63,022,744	53,875,630
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserves			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	98,704,566		98,704,566	108,287,103
9. General expenses due or accrued	198,219,761		198,219,761	161,320,359
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	2,701,161		2,701,161	5,776,386
13. Remittances and items not allocated	20,169,630		20,169,630	23,857,601
14. Borrowed money (including $..........0 current) and interest thereon $..........0 (including $..........0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	46,319,055		46,319,055	2,810,106
16. Derivatives			0	
17. Payable for securities	2,308,037		2,308,037	459,338
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties with ($..........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	52,613,725		52,613,725	27,446,840
23. Aggregate write-ins for other liabilities (including $.....1,390,464 current)	44,124,195	0	44,124,195	20,715,694
24. Total liabilities (Lines 1 to 23)	899,403,414	0	899,403,414	799,205,981
25. Aggregate write-ins for special surplus funds	XXX	XXX	46,400,000	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	1,477,719,468	1,330,274,686
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	1,524,119,468	1,330,274,686
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	2,423,522,882	2,129,480,667

DETAILS OF WRITE-INS

2301. Other Liabilities	21,104,921		21,104,921	6,492,830
2302. Liability for Pension Benefit	17,527,440		17,527,440	8,990,028
2303. Liability for Postretirement Benefits	3,968,352		3,968,352	3,842,934
2398. Summary of remaining write-ins for Line 23 from overflow page	1,523,482	0	1,523,482	1,389,902
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	44,124,195	0	44,124,195	20,715,694
2501. Special Surplus for Health Insurer Fee	XXX	XXX	46,400,000	
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	46,400,000	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 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	15,050,662	15,216,983
2. Net premium income (including $..........0 non-health premium income)	XXX	2,656,090,417	2,654,800,651
3. Change in unearned premium reserves and reserve for rate credits	XXX	(9,147,114)	1,467,176
4. Fee-for-service (net of $..........0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	2,646,943,303	2,656,267,827
Hospital and Medical:			
9. Hospital/medical benefits		1,519,418,129	1,600,656,545
10. Other professional services		227,525,327	221,875,870
11. Outside referrals		73,034,469	68,326,261
12. Emergency room and out-of-area		83,575,526	86,091,089
13. Prescription drugs		351,274,618	315,322,303
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		21,439,334	23,395,634
16. Subtotal (Lines 9 to 15)	0	2,276,267,403	2,315,667,702
Less:			
17. Net reinsurance recoveries		960,098	9,817,589
18. Total hospital and medical (Lines 16 minus 17)	0	2,275,307,305	2,305,850,113
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....19,861,776 cost containment expenses		97,845,527	92,200,746
21. General administrative expenses		262,907,000	311,879,974
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	2,636,059,832	2,709,930,833
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	10,883,471	(53,663,006)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		44,487,930	40,011,468
26. Net realized capital gains or (losses) less capital gains tax of $.....4,163,000		14,942,052	7,633,829
27. Net investment gains or (losses) (Lines 25 plus 26)	0	59,429,982	47,645,297
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....764,232) (amount charged off $.....403,165)]		361,067	(176,309)
29. Aggregate write-ins for other income or expenses	0	(19,659,439)	(316,286)
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	51,015,081	(6,510,304)
31. Federal and foreign income taxes incurred	XXX	7,926,000	19,997,000
32. Net income (loss) (Lines 30 minus 31)	XXX	43,089,081	(26,507,304)

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901. Other Expense		(10,129,402)	(316,286)
2902. Contribution Expense		(9,530,037)	
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	(19,659,439)	(316,286)

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	1,330,274,686	1,321,982,003
34. Net income or (loss) from Line 32	43,089,081	(26,507,304)
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 $.....2,165,000	125,163,655	17,508,316
37. Change in net unrealized foreign exchange capital gain or (loss)	9,667,787	(1,488,196)
38. Change in net deferred income tax	(28,992,000)	1,638,000
39. Change in nonadmitted assets	50,200,951	26,716,119
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	(5,284,692)	(9,574,252)
48. Net change in capital and surplus (Lines 34 to 47)	193,844,782	8,292,683
49. Capital and surplus end of reporting period (Line 33 plus 48)	1,524,119,468	1,330,274,686

DETAILS OF WRITE-INS

4701. Change in Pension and Other Postemployment Benefit Obligation	(5,284,692)	(9,574,252)
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)	(5,284,692)	(9,574,252)

CASH FLOW

		1 Current Year	2 Prior Year
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	2,644,690,156	2,632,808,251
2.	Net investment income	51,319,328	46,851,520
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	2,696,009,484	2,679,659,771
5.	Benefit and loss related payments	2,291,517,063	2,207,740,041
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	335,797,483	450,711,973
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $.....4,163,000 tax on capital gains (losses)	21,989,866	22,026,147
10.	Total (Lines 5 through 9)	2,649,304,412	2,680,478,161
11.	Net cash from operations (Line 4 minus Line 10)	46,705,072	(818,390)
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	250,160,044	190,549,180
	12.2 Stocks	81,691,828	103,080,379
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets	276,001	415,863
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(7,629)	5,284
	12.7 Miscellaneous proceeds	1,848,699	2,278,244
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	333,968,943	296,328,950
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	380,118,703	217,280,395
	13.2 Stocks	88,879,464	106,517,682
	13.3 Mortgage loans		
	13.4 Real estate	(880,162)	(244,295)
	13.5 Other invested assets	1,851,707	12,714,550
	13.6 Miscellaneous applications	66,647	3,504,524
	13.7 Total investments acquired (Lines 13.1 to 13.6)	470,036,359	339,772,856
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)	(136,067,416)	(43,443,906)
	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)	133,399,853	33,972,208
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	133,399,853	33,972,208
	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)	44,037,509	(10,290,088)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	103,291,354	113,581,442
	19.2 End of year (Line 18 plus Line 19.1)	147,328,863	103,291,354

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

20.0001			

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	2,656,090,417	1,752,546,523	398,124,708	26,810,696	876,840	235,085,312			242,646,338	
2. Change in unearned premium reserves and reserve for rate credit	(9,147,114)	(1,099,985)	24,108			(10,177,055)			2,105,818	
3. Fee-for-service (net of $..........0 medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	2,646,943,303	1,751,446,538	398,148,816	26,810,696	876,840	224,908,257	0	0	244,752,156	0
8. Hospital/medical benefits	1,519,418,129	1,032,984,978	230,490,390			144,510,370			111,432,391	XXX
9. Other professional services	227,525,327	140,256,633	31,295,524	20,523,153	698,622	19,621,329			15,130,066	XXX
10. Outside referrals	73,034,469	49,652,895	11,079,072			6,946,237			5,356,265	XXX
11. Emergency room and out-of-area	83,575,526	56,819,292	12,678,114			7,948,786			6,129,334	XXX
12. Prescription drugs	351,274,618	208,085,908	46,430,299			29,110,367			67,648,044	XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	21,439,334	21,439,334								XXX
15. Subtotal (Lines 8 to 14)	2,276,267,403	1,509,239,040	331,973,399	20,523,153	698,622	208,137,089	0	0	205,696,100	XXX
16. Net reinsurance recoveries	960,098	960,098								XXX
17. Total hospital and medical (Lines 15 minus 16)	2,275,307,305	1,508,278,942	331,973,399	20,523,153	698,622	208,137,089	0	0	205,696,100	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....19,861,776 cost containment expenses	97,845,527	35,810,326	13,192,207	1,107,983	30,743	11,055,941			36,648,327	
20. General administrative expenses	262,907,000	160,121,663	63,764,599	3,087,429	23,153	5,621,721			28,990,440	1,297,995
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	2,636,059,832	1,704,210,931	408,930,205	24,718,565	752,518	224,814,751	0	0	271,334,867	1,297,995
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	10,883,471	47,235,607	(10,781,389)	2,092,131	124,322	93,506	0	0	(26,582,711)	(1,297,995)

DETAILS OF WRITE-INS

	1	2	3	4	5	6	7	8	9	10
0501.	0									XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	1,752,546,523			1,752,546,523
2. Medicare supplement	398,124,708			398,124,708
3. Dental only	26,810,696			26,810,696
4. Vision only	876,840			876,840
5. Federal employees health benefits plan	235,085,312			235,085,312
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid				0
8. Other health	242,646,338			242,646,338
9. Health subtotal (Lines 1 through 8)	2,656,090,417	0	0	2,656,090,417
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	2,656,090,417	0	0	2,656,090,417

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	2,274,243,138	1,513,217,090	328,620,510	20,489,278	704,667	212,582,605			198,628,988	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	10,386,105	10,386,105								
1.4 Net	2,263,857,033	1,502,830,985	328,620,510	20,489,278	704,667	212,582,605	0	0	198,628,988	0
2. Paid medical incentive pools and bonuses	27,660,030	27,660,030								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	348,224,160	234,536,553	66,656,288	1,206,501	15,796	25,039,526			20,769,496	
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	348,224,160	234,536,553	66,656,288	1,206,501	15,796	25,039,526	0	0	20,769,496	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	18,991,304	18,991,304								
6. Net healthcare receivables (a)	825,485	5,890,960	57,254			94,868			(5,217,597)	
7. Amounts recoverable from reinsurers December 31, current year	1,751,855	1,751,855								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	366,813,744	254,062,977	63,246,145	1,172,626	21,841	29,390,174			18,919,981	
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	1,411,000	1,411,000								
8.4 Net	365,402,744	252,651,977	63,246,145	1,172,626	21,841	29,390,174	0	0	18,919,981	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	25,212,000	25,212,000								
11. Amounts recoverable from reinsurers December 31, prior year	9,766,862	9,766,862								
12. Incurred benefits:										
12.1 Direct	2,254,828,069	1,487,799,706	331,973,399	20,523,153	698,622	208,137,089	0	0	205,696,100	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	960,098	960,098	0	0	0	0	0	0	0	0
12.4 Net	2,253,867,971	1,486,839,608	331,973,399	20,523,153	698,622	208,137,089	0	0	205,696,100	0
13. Incurred medical incentive pools and bonuses	21,439,334	21,439,334	0	0	0	0	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 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct	162,773,157	117,567,837	14,635,618	241,300	3,159	15,377,454			14,947,789	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	162,773,157	117,567,837	14,635,618	241,300	3,159	15,377,454	0	0	14,947,789	0
2. Incurred but unreported:										
2.1 Direct	185,451,003	116,968,716	52,020,670	965,201	12,637	9,662,072			5,821,707	
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	185,451,003	116,968,716	52,020,670	965,201	12,637	9,662,072	0	0	5,821,707	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	348,224,160	234,536,553	66,656,288	1,206,501	15,796	25,039,526	0	0	20,769,496	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	348,224,160	234,536,553	66,656,288	1,206,501	15,796	25,039,526	0	0	20,769,496	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
Line of Business	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)	220,808,889	1,290,037,103	1,217,339	233,319,214	222,026,228	252,651,977
2. Medicare supplement	59,633,393	268,987,117	376,335	66,279,953	60,009,728	63,246,145
3. Dental only	1,148,449	19,340,829	1,817	1,204,684	1,150,266	1,172,626
4. Vision only	21,817	682,850	24	15,772	21,841	21,841
5. Federal employees health benefits plan	24,681,721	187,900,884	272,708	24,766,818	24,954,429	29,390,174
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid					0	
8. Other health	17,144,580	181,484,408	123,485	20,646,011	17,268,065	18,919,981
9. Health subtotal (Lines 1 to 8)	323,438,849	1,948,433,191	1,991,708	346,232,452	325,430,557	365,402,744
10. Healthcare receivables (a)	11,974,093	52,695,065	764	3,278,292	11,974,857	67,122,729
11. Other non-health					0	
12. Medical incentive pools and bonus amounts	27,660,030			18,991,304	27,660,030	25,212,000
13. Totals (Lines 9 - 10 + 11 + 12)	339,124,786	1,895,738,126	1,990,944	361,945,464	341,115,730	323,492,015

(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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	264,135	264,144	264,143	264,143	264,143
2. 2013	1,701,053	1,982,491	1,982,776	1,982,776	1,982,776
3. 2014	XXX	1,839,137	2,062,150	2,060,660	2,060,660
4. 2015	XXX	XXX	1,984,986	2,233,748	2,233,384
5. 2016	XXX	XXX	XXX	1,962,851	2,314,314
6. 2017	XXX	XXX	XXX	XXX	1,948,433

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	266,818	265,126	264,143	264,143	264,143
2. 2013	2,002,737	1,984,305	1,982,776	1,982,776	1,982,776
3. 2014	XXX	2,094,150	2,063,497	2,060,660	2,060,660
4. 2015	XXX	XXX	2,270,732	2,235,529	2,233,384
5. 2016	XXX	XXX	XXX	2,351,684	2,316,304
6. 2017	XXX	XXX	XXX	XXX	2,313,658

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. 2013	2,335,838	1,982,776	68,446	3.5	2,051,222	87.8			2,051,222	87.8
2. 2014	2,409,437	2,060,660	65,868	3.2	2,126,528	88.3			2,126,528	88.3
3. 2015	2,535,836	2,233,384	65,291	2.9	2,298,675	90.6			2,298,675	90.6
4. 2016	2,656,268	2,314,314	71,098	3.1	2,385,412	89.8	1,992	22	2,387,426	89.9
5. 2017	2,646,943	1,948,433	72,882	3.7	2,021,315	76.4	365,224	3,983	2,390,522	90.3

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	179,325	179,195	179,195	179,195	179,195
2. 2013	1,132,030	1,329,087	1,328,933	1,328,933	1,328,933
3. 2014	XXX	1,226,463	1,376,287	1,374,733	1,374,733
4. 2015	XXX	XXX	1,348,437	1,518,852	1,518,128
5. 2016	XXX	XXX	XXX	1,333,953	1,583,146
6. 2017	XXX	XXX	XXX	XXX	1,290,037

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	180,824	180,177	179,195	179,195	179,195
2. 2013	1,340,220	1,330,465	1,328,933	1,328,933	1,328,933
3. 2014	XXX	1,400,649	1,377,116	1,374,733	1,374,733
4. 2015	XXX	XXX	1,548,138	1,520,200	1,518,128
5. 2016	XXX	XXX	XXX	1,610,468	1,584,362
6. 2017	XXX	XXX	XXX	XXX	1,542,348

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. 2013	1,557,721	1,328,933	36,493	2.7	1,365,426	87.7			1,365,426	87.7
2. 2014	1,603,895	1,374,733	34,433	2.5	1,409,166	87.9			1,409,166	87.9
3. 2015	1,698,974	1,518,128	21,544	1.4	1,539,672	90.6			1,539,672	90.6
4. 2016	1,789,401	1,583,146	26,960	1.7	1,610,106	90.0	1,217	13	1,611,336	90.0
5. 2017	1,751,446	1,290,037	33,161	2.6	1,323,198	75.5	252,310	2,650	1,578,158	90.1

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	44,694	44,867	44,867	44,867	44,867
2. 2013	211,099	259,731	259,904	259,904	259,904
3. 2014	XXX	231,721	274,327	274,495	274,495
4. 2015	XXX	XXX	241,831	287,788	288,224
5. 2016	XXX	XXX	XXX	248,159	307,356
6. 2017	XXX	XXX	XXX	XXX	268,987

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	44,728	44,867	44,867	44,867	44,867
2. 2013	264,446	259,911	259,904	259,904	259,904
3. 2014	XXX	278,673	274,465	274,495	274,495
4. 2015	XXX	XXX	293,336	287,881	288,224
5. 2016	XXX	XXX	XXX	311,312	307,733
6. 2017	XXX	XXX	XXX	XXX	335,267

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. 2013	343,478	259,904	11,995	4.6	271,899	79.2			271,899	79.2
2. 2014	347,645	274,495	12,132	4.4	286,627	82.4			286,627	82.4
3. 2015	355,792	288,224	14,524	5.0	302,748	85.1			302,748	85.1
4. 2016	376,548	307,356	12,736	4.1	320,092	85.0	376	4	320,472	85.1
5. 2017	398,149	268,987	12,496	4.6	281,483	70.7	66,280	696	348,459	87.5

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	718	722	722	722	722
2. 2013	18,509	19,359	19,363	19,363	19,363
3. 2014	XXX	18,789	19,645	19,651	19,651
4. 2015	XXX	XXX	19,297	20,305	20,310
5. 2016	XXX	XXX	XXX	19,217	20,360
6. 2017	XXX	XXX	XXX	XXX	19,341

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	828	722	722	722	722
2. 2013	19,448	19,359	19,363	19,363	19,363
3. 2014	XXX	19,831	19,740	19,651	19,651
4. 2015	XXX	XXX	20,271	20,309	20,310
5. 2016	XXX	XXX	XXX	20,386	20,362
6. 2017	XXX	XXX	XXX	XXX	20,546

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. 2013	26,498	19,363	1,062	5.5	20,425	77.1			20,425	77.1
2. 2014	26,401	19,651	1,106	5.6	20,757	78.6			20,757	78.6
3. 2015	26,512	20,310	1,476	7.3	21,786	82.2			21,786	82.2
4. 2016	26,399	20,360	1,330	6.5	21,690	82.2	2		21,692	82.2
5. 2017	26,811	19,341	1,095	5.7	20,436	76.2	1,205	13	21,654	80.8

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	16	16	16	16	16
2. 2013	483	504	504	504	504
3. 2014	XXX	513	529	529	529
4. 2015	XXX	XXX	656	672	672
5. 2016	XXX	XXX	XXX	640	662
6. 2017	XXX	XXX	XXX	XXX	683

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	18	16	16	16	16
2. 2013	502	504	504	504	504
3. 2014	XXX	530	530	529	529
4. 2015	XXX	XXX	671	672	672
5. 2016	XXX	XXX	XXX	662	662
6. 2017	XXX	XXX	XXX	XXX	699

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. 2013	599	504	54	10.7	558	93.2			558	93.2
2. 2014	666	529	41	7.8	570	85.6			570	85.6
3. 2015	743	672	91	13.5	763	102.7			763	102.7
4. 2016	797	662	96	14.5	758	95.1			758	95.1
5. 2017	877	683	31	4.5	714	81.4	16		730	83.2

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	19,670	19,643	19,643	19,643	19,643
2. 2013	168,023	188,354	188,360	188,360	188,360
3. 2014	XXX	176,086	190,095	189,985	189,985
4. 2015	XXX	XXX	182,299	198,720	198,639
5. 2016	XXX	XXX	XXX	182,742	207,505
6. 2017	XXX	XXX	XXX	XXX	187,901

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	19,860	19,643	19,643	19,643	19,643
2. 2013	191,263	188,532	188,360	188,360	188,360
3. 2014	XXX	191,606	190,304	189,985	189,985
4. 2015	XXX	XXX	199,307	198,945	198,639
5. 2016	XXX	XXX	XXX	211,907	207,777
6. 2017	XXX	XXX	XXX	XXX	212,668

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. 2013	204,583	188,360	11,082	5.9	199,442	97.5			199,442	97.5
2. 2014	211,242	189,985	10,452	5.5	200,437	94.9			200,437	94.9
3. 2015	220,746	198,639	13,678	6.9	212,317	96.2			212,317	96.2
4. 2016	235,678	207,505	14,555	7.0	222,060	94.2	273	4	222,337	94.3
5. 2017	224,908	187,901	10,649	5.7	198,550	88.3	24,767	407	223,724	99.5

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	3,476	4,295	4,294	4,294	4,294
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	4,264	4,295	4,294	4,294	4,294
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013	513	0		0.0	0	0.0			0	0.0
2. 2014	332	0		0.0	0	0.0			0	0.0
3. 2015	1	0		0.0	0	0.0			0	0.0
4. 2016		0		0.0	0	0.0			0	0.0
5. 2017		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 - TITLE XIX - MEDICAID

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

NONE

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	XXX	XXX	XXX	XXX	

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

NONE

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. 2013		0		0.0	0	0.0			0	0.0
2. 2014		0		0.0	0	0.0			0	0.0
3. 2015		0		0.0	0	0.0			0	0.0
4. 2016		0		0.0	0	0.0			0	0.0
5. 2017		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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	16,236	15,406	15,406	15,406	15,406
2. 2013	170,909	185,456	185,712	185,712	185,712
3. 2014	XXX	185,565	201,267	201,267	201,267
4. 2015	XXX	XXX	192,466	207,411	207,411
5. 2016	XXX	XXX	XXX	178,140	195,285
6. 2017	XXX	XXX	XXX	XXX	181,484

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	16,296	15,406	15,406	15,406	15,406
2. 2013	186,858	185,534	185,712	185,712	185,712
3. 2014	XXX	202,861	201,342	201,267	201,267
4. 2015	XXX	XXX	209,009	207,522	207,411
5. 2016	XXX	XXX	XXX	196,949	195,408
6. 2017	XXX	XXX	XXX	XXX	202,130

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. 2013	202,446	185,712	7,760	4.2	193,472	95.6			193,472	95.6
2. 2014	219,256	201,267	7,704	3.8	208,971	95.3			208,971	95.3
3. 2015	233,068	207,411	13,978	6.7	221,389	95.0			221,389	95.0
4. 2016	227,445	195,285	15,421	7.9	210,706	92.6	124	1	210,831	92.7
5. 2017	244,752	181,484	15,450	8.5	196,934	80.5	20,646	217	217,797	89.0

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves	355,976	355,976							
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)	62,666,768	1,000,000				61,666,768			
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	63,022,744	1,355,976	0	0	0	61,666,768	0	0	0
7. Reinsurance ceded	0								
8. Totals (net) (Page 3, Line 4)	63,022,744	1,355,976	0	0	0	61,666,768	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

DETAILS OF WRITE-INS

0501.	0								
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)	0	0	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 1 Cost Containment Expenses	Claim Adjustment Expenses 2 Other Claim Adjustment Expenses	3 General Administrative Expenses	4 Investment Expenses	5 Total
1. Rent ($.....13,475,025 for occupancy of own building)	153,519	716,917	15,053,448		15,923,884
2. Salaries, wages and other benefits	12,744,612	39,577,391	113,861,798		166,183,801
3. Commissions (less $..........0 ceded plus $..........0 assumed)			75,526,169		75,526,169
4. Legal fees and expenses			6,966,119		6,966,119
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	(4,301)	(58)	1,606,962		1,602,603
7. Traveling expenses	68,119	81,995	1,412,236		1,562,350
8. Marketing and advertising	127,785	59,579	2,968,182		3,155,546
9. Postage, express and telephone	611,590	3,269,508	4,171,681		8,052,779
10. Printing and office supplies	472,267	689,382	2,113,695		3,275,344
11. Occupancy, depreciation and amortization	521,548	1,935,955	(2,136,980)		320,523
12. Equipment	19,613	189,133	324,121		532,867
13. Cost or depreciation of EDP equipment and software	2,047,460	2,668,622	19,978,313		24,694,395
14. Outsourced services including EDP, claims, and other services	11,554,521	36,526,973	59,221,181		107,302,675
15. Boards, bureaus and association fees	4,428	5,375	2,372,676		2,382,479
16. Insurance, except on real estate	53,674	199,008	919,583		1,172,265
17. Collection and bank service charges		52	1,183		1,235
18. Group service and administration fees	7,069,422	9,508,357			16,577,779
19. Reimbursements by uninsured plans	(21,597,333)	(25,392,200)	(70,693,290)		(117,682,823)
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses	30,692	101,343	282,923		414,958
22. Real estate taxes	233,413	737,994	2,327,874		3,299,281
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes			13,202,948		13,202,948
23.3 Regulatory authority licenses and fees			(24,560)		(24,560)
23.4 Payroll taxes	635,620	1,901,264	4,706,153		7,243,037
23.5 Other (excluding federal income and real estate taxes)			8,720,719		8,720,719
24. Investment expenses not included elsewhere				5,366,277	5,366,277
25. Aggregate write-ins for expenses	5,115,127	5,207,161	23,866	0	10,346,154
26. Total expenses incurred (Lines 1 to 25)	19,861,776	77,983,751	262,907,000	5,366,277	(a)......366,118,804
27. Less expenses unpaid December 31, current year	812,995	3,192,081	197,086,294	1,133,467	202,224,837
28. Add expenses unpaid December 31, prior year	826,705	3,215,475	160,259,796	1,060,563	165,362,539
29. Amounts receivable relating to uninsured plans, prior year			93,838,976		93,838,976
30. Amounts receivable relating to uninsured plans, current year			88,271,839		88,271,839
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	19,875,486	78,007,145	220,513,365	5,293,373	323,689,369

DETAILS OF WRITE-INS

	1	2	3	4	5
2501. Miscellaneous Expenses and Reimbursements	526	1,820,156	23,866		1,844,548
2502. BlueCard Home Access Fees	5,114,601	3,387,005			8,501,606
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)	5,115,127	5,207,161	23,866	0	10,346,154

(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) 382,284	366,323
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 33,768,749	34,335,108
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 283,703	283,703
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	7,771,816	7,921,425
2.21 Common stocks of affiliates		
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) 1,780,413	1,780,413
7. Derivative instruments	(f)	
8. Other invested assets	136,992	146,849
9. Aggregate write-ins for investment income	533,254	533,254
10. Total gross investment income	58,132,236	58,842,100
11. Investment expenses		(g) 5,366,277
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 94,293
14. Depreciation on real estate and other invested assets		(i) 7,146,906
15. Aggregate write-ins for deductions from investment income		1,746,694
16. Total deductions (Lines 11 through 15)		14,354,170
17. Net investment income (Line 10 minus Line 16)		44,487,930
DETAILS OF WRITE-INS		
0901. Securities Lending	127,817	127,817
0902. Miscellaneous Investment Income	405,437	405,437
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)	533,254	533,254
1501. Other Investment Expenses		1,746,694
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)		1,746,694

(a) Includes $.....8,342,421 accrual of discount less $.....8,663,687 amortization of premium and less $.....959,438 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 $.....164,229 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 $.....7,146,906 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	(19,933)		(19,933)	124,654	
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	1,490,283	(13,066)	1,477,217	412,550	
1.3 Bonds of affiliates			0		
2.1 Preferred stocks (unaffiliated)	(27)	20	(7)	361	199
2.11 Preferred stocks of affiliates			0		
2.2 Common stocks (unaffiliated)	22,097,800	(4,391,457)	17,706,343	44,620,083	9,667,588
2.21 Common stocks of affiliates			0	81,011,150	
3. Mortgage loans			0		
4. Real estate			0		
5. Contract loans			0		
6. Cash, cash equivalents and short-term investments	(7,629)		(7,629)		
7. Derivative instruments			0		
8. Other invested assets	(289)		(289)	1,159,857	
9. Aggregate write-ins for capital gains (losses)	0	(50,650)	(50,650)	0	0
10. Total capital gains (losses)	23,560,205	(4,455,153)	19,105,052	127,328,655	9,667,787
DETAILS OF WRITE-INS					
0901. Foreign Contract Gain / (Loss)		(50,650)	(50,650)		
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	(50,650)	(50,650)	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	979,760		(979,760)
2.2 Common stocks	15,015,739	22,467,230	7,451,491
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)	6,608,557	6,386,970	(221,587)
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)	22,604,056	28,854,200	6,250,144
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued	31,500		(31,500)
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	154,459	1,540,330	1,385,871
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	1,751,855	1,670,862	(80,993)
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	87,725	2,928,302	2,840,577
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset		9,030,000	9,030,000
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software	1,425,755	5,540,136	4,114,381
21. Furniture and equipment, including health care delivery assets	18,191,868	19,844,924	1,653,056
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates	3,158,222	17,300,399	14,142,177
24. Health care and other amounts receivable	13,930,229	16,024,046	2,093,817
25. Aggregate write-ins for other-than-invested assets	70,613,569	79,416,990	8,803,421
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	131,949,238	182,150,189	50,200,951
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	131,949,238	182,150,189	50,200,951

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	49,010,213	58,968,606	9,958,393
2502. Other Prepaid Expenses	19,593,585	18,341,300	(1,252,285)
2503. Miscellaneous Assets	2,009,771	2,107,084	97,313
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	70,613,569	79,416,990	8,803,421

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of 1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
1. Health maintenance organizations						
2. Provider service organizations						
3. Preferred provider organizations	919,724	902,943	895,503	898,373	898,485	10,804,044
4. Point of service						
5. Indemnity only	174,566	174,983	175,660	177,239	177,653	2,114,107
6. Aggregate write-ins for other lines of business	179,544	177,442	177,195	177,606	178,712	2,132,511
7. Total	1,273,834	1,255,368	1,248,358	1,253,218	1,254,850	15,050,662

DETAILS OF WRITE-INS

0601. Dental	81,893	80,585	80,271	80,352	81,650	968,522
0602. Medicare Part D	89,647	88,444	88,513	88,829	88,658	1,063,136
0603. Vision	8,004	8,413	8,411	8,425	8,404	100,853
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)	179,544	177,442	177,195	177,606	178,712	2,132,511

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 #	2017	2016
Net Income (loss)					
(1) Wellmark, Inc. state basis	XXX	XXX	XXX	$ 43,089,081	$ (26,507,304)
(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	$ 43,089,081	$ (26,507,304)
Surplus					
(5) Wellmark, Inc. state basis	XXX	XXX	XXX	$ 1,524,119,468	$ 1,330,274,686
(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	$ 1,524,119,468	$ 1,330,274,686

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) 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) 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) 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.

NOTES TO FINANCIAL STATEMENTS

(4) Preferred stocks that are NAIC designation 1 or 2 are reported at cost, adjusted for any fluctuations in foreign exchange. Preferred stocks that are NAIC designation 3 through 6 are reported at the lower of cost or fair value.

(5) The Company has no mortgage loans.

(6) 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. The amortization of premiums and accretion of discounts on loan-backed securities is adjusted annually using currently available estimates of expected future cash flows, including any new prepayment assumptions, using the retrospective adjustment method. Loan-backed securities are stated at the lower of amortized cost or fair value if they are NAIC designation 3 through 6.

(7) Common stocks of subsidiaries are recorded at the equity in the underlying statutory basis of their net assets.

(8) 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, 2017.

(9) The Company has no derivatives.

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

(13) 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 Corrections 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.

C. Reverse Mortgages – Not applicable.

NOTES TO FINANCIAL STATEMENTS

D. Loan-Backed Securities

(1) Prepayment assumptions for loan-backed securities are based on the current interest rate and economic environment.

(2) Loan-backed securities with a current period recognized other-than-temporary impairment, in the aggregate, classified on the basis for the other-than-temporary impairment (OTTI) follows as of December 31, 2017:

	(1) **Amortized Cost Basis Before OTTI**	(2) **OTTI Recognized in Loss**	(3) **Fair Value (1) - (2)**
OTTI recognized 1st Quarter			
a. Intent to sell	$ -	$ -	$ -
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-
c. Total 1st Quarter	$ -	$ -	$ -
OTTI recognized 2nd Quarter			
d. Intent to sell	$ -	$ -	$ -
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-
f. Total 2nd Quarter	$ -	$ -	$ -
OTTI recognized 3rd Quarter			
g. Intent to sell	$ -	$ -	$ -
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	-	-	-
i. Total 3rd Quarter	$ -	$ -	$ -
OTTI recognized 4th Quarter			
j. Intent to sell	$ -	$ -	$ -
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis	1,874,499	13,065	1,861,434
l. Total 4th Quarter	$ 1,874,499	$ 13,065	$ 1,861,434
m. Annual Aggregate Total		$ 13,065	

(3) 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, 2017:

CUSIP	**Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI**	**Present Value of Projected Cash Flows**	**Recognized OTTI**	**Amortized Cost After OTTI**	**Fair Value at Time of OTTI**	**Date of Financial Statement Where Reported**
78446WAC1	$ 1,347,899	$ 1,336,541	$ 11,358	1,336,541	$ 1,336,541	12/31/2017
94984CAA4	526,600	524,893	1,707	524,893	524,893	12/31/2017
Total	XXX	XXX	$ 13,065	XXX	XXX	XXX

NOTES TO FINANCIAL STATEMENTS

(4) The following amounts represent impaired loan-backed securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2017:

a. The aggregate amount of unrealized losses:

1. Less than 12 Months	$	(1,257,173)
2. 12 Months or Longer	$	(4,015,467)

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	$	117,254,989
2. 12 Months or Longer	$	63,517,881

(5) 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) The Company participates in a securities lending program through its custodian bank, Bank of New York Mellon (BNY-M). On the day the loan is delivered, BNY-M 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 BNY-M in one of its collective investment vehicles in accordance with investment guidelines provided in the securities lending agreement. Prior to the close of business for the calendar year, at the request of the Company, BNY-M recalls all securities that are out on loan. As of December 31, 2017, no securities were on loan and the Company is not holding any collateral.

(2) Not applicable.

(3) On December 31, 2017, no securities were on loan and no collateral had been accepted.

(4) Not applicable.

(5) Not applicable.

(6) Not applicable.

(7) Not applicable.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

(1) 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 is 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

	1 FIRST QUARTER	2 SECOND QUARTER	3 THIRD QUARTER	4 FOURTH QUARTER
a. Bilateral (YES/NO)				YES
a. Tri-Party (YES/NO)				NO

NOTES TO FINANCIAL STATEMENTS

(3) Original (Flow) & Residual Maturity

	FIRST QUARTER				SECOND QUARTER			
	1	2	3	4	5	6	7	8
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. Open - No Maturity								
b. Overnight								
c. 2 Days to 1 Week								
d. > 1 Week to 1 Month								
e. > 1 Month to 3 Months								
f. > 3 Months to 1 Year								
g. > 1 Year								

	THIRD QUARTER				FOURTH QUARTER			
	9	10	11	12	13	14	15	16
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. Open - No Maturity					$ 1,472	$ 42,394,627	$ 9,555,897	$ 1,472
b. Overnight								
c. 2 Days to 1 Week								
d. > 1 Week to 1 Month								
e. > 1 Month to 3 Months								
f. > 3 Months to 1 Year								
g. > 1 Year								

(4) Counterparty, Jurisdiction and Fair Value (FV) – 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			
	1	2	3	4	5	6	7	8
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. Cash								
b. Securities (FV)								

	THIRD QUARTER				FOURTH QUARTER			
	9	10	11	12	13	14	15	16
	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE	MINIMUM	MAXIMUM	AVERAGE DAILY BALANCE	ENDING BALANCE
a. Cash								
b. Securities (FV)					$ 1,505	$ 43,242,823	$ 9,747,015	$ 1,505

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

ENDING BALANCE								
	1	2	3	4	5	6	7	8
	NONE	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	DOES NOT QUALIFY AS ADMITTED
a. Cash								
b. Bonds - FV		$ 1,505						
c. LB & SS - FV								
d. Preferred Stock - FV								
e. Common Stock								
f. Mortgage Loans - BACV								
g. Mortgage Loans - FV								
h. Real Estate - FV								
i. Derivatives - FV								
j. Other Invested Assets - FV								
k. Total Collateral Assets - FV (Sum of a through i)		$ 1,505						

NOTES TO FINANCIAL STATEMENTS

(9) Allocation of Aggregate Collateral by Remaining Contractual Maturity

	FAIR VALUE
a. Overnight and Continuous	$ 1,505
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 Accounts 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 – Not applicable.

L. Restricted Assets – Not applicable.

M. Working Capital Finance Investments – Not applicable.

N. Offsetting and Netting of Assets and Liabilities – Not applicable.

O. Structured Notes – Not applicable.

P. 5* Securities – Not applicable.

Q. Short Sales – Not applicable.

R. Prepayment Penalty and Acceleration Fees

	General Account
(1) Number of Cusips	32
(2) Aggregate Amount of Investment Income	$ 1,113,843

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

A. As of December 31, 2017, the Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets. In 2016, the Company entered into two Joint Ventures, each with a different unaffiliated provider group, to form the insurance companies Wellmark Synergy Health, Inc. (WSH) and Wellmark Value Health Plan, Inc. (WVHP). Both joint ventures are licensed as Health Maintenance Organizations (HMO) in the state of Iowa and commenced business on January 1, 2017.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships or Limited Liability Companies during 2017. During 2016, the Company incurred $100,000 of other than temporary losses on its venture capital investments.

Note 7 - Investment Income

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. The total amount excluded was $31,500.

Note 8 - Derivative Instruments

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

Note 9 - Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.	12/31/2017			12/31/2016			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	$ 47,985,000	$ 3,409,000	$ 51,394,000	$ 87,087,000	$ 6,366,000	$ 93,453,000	$ (39,102,000)	$ (2,957,000)	$ (42,059,000)
(b) Statutory Valuation Allowance Adjustments	-	-	-	-	-	-	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a-1b)	47,985,000	3,409,000	51,394,000	87,087,000	6,366,000	93,453,000	(39,102,000)	(2,957,000)	(42,059,000)
(d) Deferred Tax Assets Nonadmitted	-	-	-	9,030,000	-	9,030,000	(9,030,000)	-	(9,030,000)
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d)	47,985,000	3,409,000	51,394,000	78,057,000	6,366,000	84,423,000	(30,072,000)	(2,957,000)	(33,029,000)
(f) Deferred Tax Liabilities	13,109,000	27,815,000	40,924,000	1,388,000	27,843,000	29,231,000	11,721,000	(28,000)	11,693,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	$ 34,876,000	$ (24,406,000)	$ 10,470,000	$ 76,669,000	$ (21,477,000)	$ 55,192,000	$ (41,793,000)	$ (2,929,000)	$ (44,722,000)

2.	12/31/2017			12/31/2016			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
Admission Calculation Components SSAP No. 101									
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	$ 24,985,000	$ 1,790,000	$ 26,775,000	$ 33,861,000	$ 3,342,000	$ 37,203,000	$ (8,876,000)	$ (1,552,000)	$ (10,428,000)
(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. (Lesser of 2(b)1 and 2(b)2 Below)	-	-	-	17,989,000	-	17,989,000	(17,989,000)	-	(17,989,000)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance	-	-	-	17,989,000	-	17,989,000	(17,989,000)	-	(17,989,000)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	226,378,000	XXX	XXX	190,000,000	XXX	XXX	36,378,000
(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	23,000,000	1,619,000	24,619,000	26,207,000	3,024,000	29,231,000	(3,207,000)	(1,405,000)	(4,612,000)
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101. Total (2(a)+2(b)+2(c))	$ 47,985,000	$ 3,409,000	$ 51,394,000	$ 78,057,000	$ 6,366,000	$ 84,423,000	$ (30,072,000)	$ (2,957,000)	$ (33,029,000)

3.	2017	2016
(a) Ratio Percentage Used To Determine Recovery Period and Threshold Limitation Amount	1028.528%	897.215%
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above	$ 1,513,649,468	$ 1,275,082,686

4.	12/31/2017		12/31/2016		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
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						
1. Adjusted Gross DTAs Amount From Note 9A1(c)	$ 47,985,000	$ 3,409,000	$ 87,087,000	$ 6,366,000	$ (39,102,000)	$ (2,957,000)
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	$ 47,985,000	$ 3,409,000	$ 78,057,000	$ 6,366,000	$ (30,072,000)	$ (2,957,000)
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because of the Impact of Tax Planning Strategies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(b) Does the Company's tax-planning strategies include the use of reinsurance? Yes_____No__X__						

B. Deferred Tax Liabilities are not recognized for the following amounts:

NONE

NOTES TO FINANCIAL STATEMENTS

C. Current income taxes incurred consist of the following major components:

	(1) 12/31/2017	(2) 12/31/2016	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$ 7,926,000	$ 19,997,000	$ (12,071,000)
(b) Foreign	-	-	-
(c) Subtotal	7,926,000	19,997,000	(12,071,000)
(d) Federal income tax on net capital gains	4,163,000	4,527,000	(364,000)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	$ 12,089,000	$ 24,524,000	$ (12,435,000)
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	$ 1,783,000	$ 2,620,000	$ (837,000)
(2) Unearned premium reserve	-	-	-
(3) Policyholder reserves	-	-	-
(4) Investments	82,000	216,000	(134,000)
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	678,000	2,076,000	(1,398,000)
(8) Compensation and benefits accrual	12,979,000	24,268,000	(11,289,000)
(9) Pension accrual	-	3,147,000	(3,147,000)
(10) Receivables - nonadmitted	4,014,000	13,812,000	(9,798,000)
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	-	94,000	(94,000)
(14) Intangible assets at transition date	3,159,000	5,346,000	(2,187,000)
(15) Prepaid assets - nonadmitted	12,194,000	24,672,000	(12,478,000)
(16) Invested assets - nonadmitted	4,747,000	10,099,000	(5,352,000)
(17) Nondeductible guaranty fund assessment	4,307,000	-	4,307,000
(18) Nondeductible legal expenses	3,620,000	-	3,620,000
(19) Other - nonadmitted	422,000	737,000	(315,000)
(99) Subtotal	47,985,000	87,087,000	(39,102,000)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	9,030,000	(9,030,000)
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	47,985,000	78,057,000	(30,072,000)
(e) Capital			
(1) Investments	3,409,000	6,366,000	(2,957,000)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	3,409,000	6,366,000	(2,957,000)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	3,409,000	6,366,000	(2,957,000)
(i) Admitted deferred tax assets (2d + 2h)	$ 51,394,000	$ 84,423,000	$ (33,029,000)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	$ -	$ -	$ -
(2) Fixed assets	391,000	1,388,000	(997,000)
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	3,799,000	-	3,799,000
(6) Compensation and benefits accrual	8,919,000	-	8,919,000
(99) Subtotal	13,109,000	1,388,000	11,721,000
(b) Capital			
(1) Investments	25,902,000	23,724,000	2,178,000
(2) Real estate	1,913,000	4,119,000	(2,206,000)
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	27,815,000	27,843,000	(28,000)
(c) Deferred tax liabilities (3a99 + 3b99)	$ 40,924,000	$ 29,231,000	$ 11,693,000
4. Net Deferred Tax Assets/Liabilities (2i -3c)	$ 10,470,000	$ 55,192,000	$ (44,722,000)

NOTES TO FINANCIAL STATEMENTS

(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):

	12/31/2017			12/31/2016			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1+2)			(Col 4+5)	(Col 1-4)	(Col 2-5)	(Col 7+8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Total deferred tax assets	$ 47,985,000	$ 3,409,000	$ 51,394,000	$ 87,087,000	$ 6,366,000	$ 93,453,000	$ (39,102,000)	$ (2,957,000)	$ (42,059,000)
Total deferred tax liabilities	(13,109,000)	(27,815,000)	$ (40,924,000)	(1,388,000)	(27,843,000)	$ (29,231,000)	(11,721,000)	28,000	(11,693,000)
Net deferred tax asset (liability)	34,876,000	(24,406,000)	$ 10,470,000	85,699,000	(21,477,000)	$ 64,222,000	(50,823,000)	(2,929,000)	(53,752,000)
Tax effect of unrealized gains									2,165,000
Tax effect of SSAP 92/SSAP102									22,595,000
Change in net deferred income tax									$ (28,992,000)

The Tax Cuts and Jobs Act (Act) was signed into law by President Trump on December 22, 2017. The Act reduces the statutory tax rate from 35% to 21% effective January 1, 2018. The Company remeasured deferred tax assets and liabilities based on the newly enacted tax rate at December 31, 2017. As a result, the Company recorded a net decrease to surplus of $6,980,000 comprised of an increase for the impact of the rate change on unrealized capital gains of $17,024,000, a decrease for the impact of the rate change on SSAP 92 and SSAP 102 items of $16,536,000, and a decrease for the impact of the rate change on operations of $7,468,000.

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Among the more significant book to tax adjustments were the following:

	12/31/2017
Provision computed at statutory rate	$ 19,312,000
Change in nonadmitted assets	14,410,000
Section 170(e) adjustment	(1,854,000)
Tax exempt interest deduction	(1,570,000)
Dividends received deduction, net	(547,000)
Nondeductible lobbying expenses	122,000
§162(m)(6) limitation	4,185,000
Other permanent differences	255,000
Credits generated in current year	(385,000)
Adjustment of prior year's tax	(59,000)
Tax rate differential	7,468,000
Other	(256,000)
Total	$ 41,081,000
Federal income taxes incurred	$ 7,926,000
Realized capital gains (losses) tax	4,163,000
Change in net deferred income taxes	28,992,000
Total statutory income taxes	$ 41,081,000

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

(1) At December 31, 2017, the Company did not have any unused operating loss carryforwards or tax credit carryforwards available to offset against future taxable income.

(2) The following are income taxes in the current and prior years that will be available for recoupment in the event of future net losses:

Year	Total
2017	$ 12,396,000
2016	23,222,000
2015	7,683,000
TOTAL	$ 43,301,000

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

NOTES TO FINANCIAL STATEMENTS

(2) 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, 2017 the Company's tax related balance due from subsidiaries was $21,938,330.

G. Federal or Foreign Income Tax Loss Contingencies

At December 31, 2017, 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.

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

A, B & C. 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 2017 and 2016, these costs were $84,280,687 and $78,585,337, respectively. The Company and WHPI also have an intercompany tax sharing arrangement (See Note 9). For 2017 and 2016, the tax related balance due from WHPI under this tax sharing arrangement was $14,568,324 and $3,108,138, 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 2017 and 2016, these costs were $71,155,530 and $69,088,694, respectively. The Company and WSD also have an intercompany tax sharing arrangement (See Note 9). For 2017 and 2016, the tax related balance due from/(to) WSD under this tax sharing arrangement was $7,126,575 and ($1,176,796), respectively.

The Company has a revolving credit agreement with both WSH and WVHP, which gives them each line of credit financing in an amount up to $10,000,000. There were no outstanding draws on the credit line by either WSH or WVHP as of December 31, 2017 or 2016.

D. At December 31, 2017, the Company reported $46,319,055 as amounts due to subsidiaries and affiliates and $4,254,464 as amounts due from subsidiaries and affiliates. At December 31, 2016, the Company reported $2,810,106 as amounts due to subsidiaries and affiliates and $22,897,792 as amounts due from subsidiaries and affiliates. The terms of the agreements require these amounts to be settled within 30 days.

E. Not applicable.

F. 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. Not applicable.

H. Not applicable.

I. The Company owns a 100% interest in WSD, whose carrying value exceeded 10% of the admitted assets of the Company in both 2017 and 2016. The Company carries WSD at its statutory equity, which was $291,113,382 and $238,630,129 as of December 31, 2017 and 2016, respectively. At December 31, 2017, WSD's statutory assets and liabilities were $475,974,370 and $184,860,988, respectively. At December 31, 2016, WSD's statutory assets and liabilities were $414,369,144 and $175,739,015, respectively. Statutory net income for WSD was $41,039,153 and $4,501,323 for the years ended December 31, 2017 and 2016, respectively.

J. Not applicable.

K. Not applicable.

L. Not applicable.

NOTES TO FINANCIAL STATEMENTS

M. All Subsidiary, Controlled and Affiliated (SCA) Investments

(1) Balance sheet value (admitted and nonadmitted) all SCAs (except 8bi 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%	$ 171,135	$ -	$ 171,135
First Administrators, Inc.	100%	3,293,430	-	3,293,430
Midwest Benefit Consultants, Inc.	100%	3,317,205	-	3,317,205
Total SSAP No. 97 8b(iii) Entities	XXX	$ 6,781,770	$ -	$ 6,781,770
d. SSAP No. 97 8b(iv) Entities		$ -	$ -	$ -
Total SSAP No. 97 8b(iv) Entities	XXX	$ -	$ -	$ -
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	$ 6,781,770	$ -	$ 6,781,770
f. Aggregate Total (a+e)	XXX	$ 6,781,770	$ -	$ 6,781,770

(2) NAIC filing response information

SCA Entity	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 8bi 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 No. 97 8b(iii) subsidiaries because they are fully nonadmitted.

N. Not applicable.

Note 11 - Debt

A. In June 2017, the Company entered into a new line of credit agreement with an available balance of $25,000,000, bringing its available lines of credit total to $125,000,000. The Company did not draw on these lines of credit in 2017.

B. Federal Home Loan Bank Agreements – Not applicable.

NOTES TO FINANCIAL STATEMENTS

Note 12 - Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement 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, 2017 and 2016:

(1)	Change in benefit obligation	Overfunded		Underfunded	
	a. Pension Benefits	**2017**	**2016**	**2017**	**2016**
	1. Benefit obligation at beginning of year	N/A	N/A	$295,124,039	$274,869,557
	2. Service cost			10,380,588	10,158,227
	3. Interest cost			12,537,613	12,290,346
	4. Contribution by plan participants			-	-
	5. Actuarial (gain)/loss			29,708,950	16,333,974
	6. Foreign currency exchange rate changes			-	-
	7. Benefits paid			(2,268,437)	(19,342,391)
	8. Plan amendments			-	814,326
	9. Business combinations, divestitures, curtailments, settlements and special termination benefits			(24,976,885)	-
	10. Benefit obligation at end of year			$ 320,505,868	$ 295,124,039
		Overfunded		**Underfunded**	
	b. Postretirement Benefits	**2017**	**2016**	**2017**	**2016**
	1. Benefit obligation at beginning of year	N/A	N/A	$ 33,869,270	$ 32,780,483
	2. Service cost			1,402,329	1,573,244
	3. Interest cost			1,368,386	1,420,915
	4. Contribution by plan participants			-	-
	5. Actuarial (gain)/loss			694,478	(776,578)
	6. Foreign currency exchange rate changes			-	-
	7. Benefits paid			(1,161,112)	(1,128,794)
	8. Plan amendments			-	-
	9. Business combinations, divestitures, curtailments, settlements and special termination benefits			-	-
	10. Benefit obligation at end of year			$ 36,173,351	$ 33,869,270

NOTES TO FINANCIAL STATEMENTS

		Overfunded		Underfunded	
	c. Special or Contractual Benefits Per SSAP No. 11	2017	2016	2017	2016
	1. Benefit obligation at beginning of year	N/A	N/A	$ 8,995,188	$ 8,115,103
	2. Service cost			17,798,153	19,619,102
	3. Interest cost			-	-
	4. Contribution by plan participants			-	-
	5. Actuarial (gain)/loss			-	-
	6. Foreign currency exchange rate changes			-	-
	7. Benefits paid			(18,352,896)	(18,739,017)
	8. Plan amendments			-	-
	9. Business combinations, divestitures, curtailments, settlements and special termination benefits			-	-
	10. Benefit obligation at end of year			$ 8,440,445	$ 8,995,188

(2)	Change in plan assets	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits Per SSAP No. 11	
		2017	2016	2017	2016	2017	2016
	a. Fair value of plan assets at beginning of year	$ 286,134,011	$ 294,202,808	N/A	N/A	N/A	N/A
	b. Actual return on plan assets	44,089,739	11,273,594				
	c. Foreign currency exchange rate changes	-	-				
	d. Reporting entity contribution	-	-				
	e. Plan participants' contributions	-	-				
	f. Benefits paid	(2,268,437)	(19,342,391)				
	g. Business combinations, divestitures and settlements	(24,976,885)	-				
	h. Fair value of plan assets at end of year	$ 302,978,428	$ 286,134,011				

(3)	Funded status	Pension Benefits		Postretirement Benefits	
		2017	2016	2017	2016
	a. Components:				
	1. Prepaid benefit costs	$ 96,617,860	$ 122,590,998	$ -	$ -
	2. Overfunded plan assets	$ (96,617,860)	$ (122,590,998)	$ -	$ -
	3. Accrued benefit costs	$ -	$ -	$ 32,204,999	$ 30,026,336
	4. Liability for pension benefits	$ 17,527,440	$ 8,990,028	$ 3,968,352	$ 3,842,934
	b. Assets and liabilities recognized			$ -	$ -
	1. Assets (nonadmitted)	$ -	$ -	$ -	$ -
	2. Liabilities recognized	$ 17,527,440	$ 8,990,028	$ 36,173,351	$ 33,869,270
	c. Unrecognized liabilities	$ -	$ -	$ -	$ -

(4)	Components of net periodic benefit cost	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits Per SSAP No. 11	
		2017	2016	2017	2016	2017	2016
	a. Service cost	$ 10,380,588	$ 10,158,227	$ 1,402,329	$ 1,573,244	$ 17,798,153	$ 19,619,102
	b. Interest cost	12,537,613	12,290,346	1,368,386	1,420,915	-	-
	c. Expected return on plan assets	(17,926,882)	(19,088,194)	-	-	-	-
	d. Transition asset or obligation	-	-	-	-	-	-
	e. Gains and losses	11,931,176	8,670,335	-	-	-	-
	f. Prior service cost or credit	217,675	217,675	569,060	569,060	-	-
	g. Gain or loss recognized due to a settlement or curtailment	8,832,968	-	-	-	-	-
	h. Total net periodic benefit cost	$ 25,973,138	$ 12,248,389	$ 3,339,775	$ 3,563,219	$ 17,798,153	$ 19,619,102

NOTES TO FINANCIAL STATEMENTS

(5)	Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
		2017	2016	2017	2016
	a. Items not yet recognized as a component of net periodic cost - prior year	$ 131,581,026	$ 115,506,136	$ 3,842,934	$ 5,188,572
	b. Net transition asset or obligation recognized	-	-	-	-
	c. Net prior service cost or credit arising during the period	-	814,326	-	-
	d. Net prior service cost or credit recognized	(217,675)	(217,675)	(569,060)	(569,060)
	e. Net gain and loss arising during the period	3,546,093	24,148,574	694,478	(776,578)
	f. Net gain and loss recognized	(20,764,144)	(8,670,335)	-	-
	g. Items not yet recognized as a component of net periodic cost - current year	$ 114,145,300	$ 131,581,026	$ 3,968,352	$ 3,842,934

(6)	Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
		2017	2016	2017	2016
	a. Net transition asset or obligation	$ -	$ -	$ -	$ -
	b. Net prior service cost or credit	201,387	217,675	569,060	569,060
	c. Net recognized gains and losses	9,376,578	11,575,163	-	-

(7)	Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
		2017	2016	2017	2016
	a. Net transition asset or obligation	$ -	$ -	$ -	$ -
	b. Net prior service cost or credit	799,778	1,017,453	3,736,669	4,305,729
	c. Net recognized gains and losses	113,345,522	130,563,573	231,683	(462,795)

(8)	Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31	Pension Benefits		Postretirement Benefits	
		2017	2016	2017	2016
	a. Weighted-average discount rate	4.40%	4.60%	4.20%	4.40%
	b. Expected long-term rate of return on plan assets	6.50%	6.75%	N/A	N/A
	c. Rate of compensation increase	8.0 - 3.5%	7.0 - 3.0%	8.0 - 3.5%	7.0 - 3.0%
	Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31				
	d. Weighted-average discount rate	3.80%	4.40%	3.70%	4.20%
	e. Rate of compensation increase	8.0 - 3.5%	8.0 - 3.5%	8.0 - 3.5%	8.0 - 3.5%

(9) The amount of the accumulated benefit obligation for the defined benefit pension plan was $271,948,637 for the current year and $250,351,815 for the prior year.

(10) For postretirement benefits other than pensions, for measurement purposes, 7.50% (pre-65) and 8.25% (post-65) annual rates of increase in the per capita cost of covered health care benefits were assumed for 2017. These rates grade down annually to 4.75% for 2028 and beyond.

(11)	Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:	1 Percentage Point Increase	1 Percentage Point Decrease
	a. Effect on total of service and interest cost components	$ 41,404	$ (32,726)
	b. Effect on postretirement benefit obligation	338,036	(280,285)

NOTES TO FINANCIAL STATEMENTS

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

Year		Pension Benefits		Postretirement Benefits
a. 2018	$	24,033,000	$	1,878,000
b. 2019	$	21,201,000	$	1,970,000
c. 2020	$	22,720,000	$	2,059,000
d. 2021	$	22,716,000	$	2,189,000
e. 2022	$	22,099,000	$	2,149,000
f. 2023 through 2027	$	119,623,000	$	12,212,000

(13) The Company does not have any regulatory contribution requirements for 2018. However, the Company contributed $30,000,000 to the pension plan on January 26, 2018 and expects to contribute another $30,000,000 to the pension plan in the first quarter of 2018.

(14) Not applicable.

(15) Not applicable.

(16) Not applicable.

(17) Not applicable.

(18) There have been no significant changes to the benefit obligation or plan assets.

(19) There are no plan assets expected to be returned to the employer during the 12-month period following December 31, 2017.

(20) The pension plan was in an underfunded status at December 31, 2017 and 2016. The impact to surplus to recognize the unfunded status of the pension plan was $17,527,440 and $8,990,028 at December 31, 2017 and 2016, respectively. 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 $3,968,352 and $3,842,934 at December 31, 2017 and 2016, respectively.

(21) Not applicable.

B. The Company's 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.

NOTES TO FINANCIAL STATEMENTS

C. (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	$ -	$ 109,221,256	$ -	$ 109,221,256
Hedge funds	-	81,938,407	-	81,938,407
Mutual funds	75,096,126	-	-	75,096,126
Pooled separate accounts	-	36,722,639	-	36,722,639
Total plan assets	$ 75,096,126	$ 227,882,302	$ -	$ 302,978,428

(2) Not applicable.

(3) Generally Level 1 financial instruments consist of U.S. domestic equity securities and mutual funds which 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, pooled separate accounts, and money market funds 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. 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.

D. 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: 49% equity securities, 40% debt securities, and 11% other securities. 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 3.5% - 6.5%.

The Company selected the expected return on asset assumption of 6.50% for 2017. This rate is net of both investment and other administrative expenses charged to the Trust.

E. Defined Contribution Plan

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 $3,710,080 and $3,836,239 for 2017 and 2016, respectively.

F. Multiemployer Plans – Not applicable.

G. 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. On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Act) was signed into law. The Act allows employers who offer actuarially equivalent prescription drug benefits to retirees to receive a federal subsidy starting in 2006. 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.

NOTES TO FINANCIAL STATEMENTS

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

(1) Not applicable.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(5) Not applicable.

(6) Not applicable.

(7) Not applicable.

(8) Not applicable.

(9) 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 its 2018 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 2017 under the Consolidated Appropriations Act of 2016.

(10) The portion of unassigned funds (surplus) represented by cumulative unrealized gains is $533,065,083.

(11) Not applicable.

(12) Not applicable.

(13) 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 pursuant to which the Company guarantees to the full extent of its assets all contractual and financial obligations of WHPI, WSD, 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) Not applicable.

(3) Not applicable.

B. Assessments

(1) 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 $3,000,000 for estimated health related assessments to be returned to the Company at December 31, 2017.

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 will be required to pay a portion of their policyholder claims through state guaranty association assessments in future periods.

As of December 31, 2017, the Company recognized the estimated portion of the assessment for Penn Treaty of $25,770,000 into expense. The Company has a guaranty fund payable of $20,511,970 as of December 31, 2017. The liability was discounted using a rate of 3.89% and the amount of undiscounted liability is $46,991,970. The liability was discounted using a range of 26 years. The assessment will be recoverable through premium tax offsets. The Company recognized an asset of $23,270,000 related to the premium tax offset.

NOTES TO FINANCIAL STATEMENTS

(2) 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	$	-
b. Decreases current year:		
Policy surcharges collected		-
Policy surcharges charged off		-
Premium tax offset applied		-
c. Increases current year:		
Policy surcharges collected		-
Policy surcharges charged off		-
Premium tax offset applied		23,270,000
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$	23,270,000

(3) Guaranty fund liabilities and assets related to assessments from insolvencies of entities that wrote long-term care contracts:

a. Discount rate applied for guaranty fund liability 3.89%
Discount rate applied for related asset 3.5%

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

	Guaranty Fund Assessment		Related Assets	
Name of Insolvency	Undiscounted	Discounted	Undiscounted	Discounted
Penn Treaty Network America Insurance Company	$46,991,970	$20,511,970	$25,770,000	$23,270,000

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 Insolvency	Payables			Recoverables		
	Number of Jurisdicitions	Range of Years	Weighted Average Number of Years	Number of Jurisdicitions	Range of Years	Weighted Average Number of Years
Penn Treaty Network America Insurance Company	1	1 - 26	11.2	1	1 - 5	2

C. Gain Contingencies – Not applicable.

D. Claim 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 $11,172,000 in 2017. Future minimum payments through December 31, 2025, expiration date of the contract, total approximately $25,950,000. 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 $6,504,000 in 2017. Future minimum payments through December 31, 2032, the expiration date of this contract, total approximately $116,203,000 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 August 9, 2022, expiration date of the longest agreement, total approximately $2,897,000.

NOTES TO FINANCIAL STATEMENTS

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. (1) a. The Company leases office space, parking facilities and equipment under various noncancellable operating lease agreements that expire through December 2023. Rental expense associated with these lease arrangements was approximately $705,000 and $684,000 for 2017 and 2016, respectively.

b. Not applicable.

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

d. Not applicable.

e. Not applicable.

(2) a. At January 1, 2018, the minimum aggregate rental commitments are as follows:

	Year Ending December 31	Operating Leases
1.	2018	$ 616,610
2.	2019	457,243
3.	2020	455,343
4.	2021	465,550
5.	2022	419,944
6.	Total	$2,414,690

b. Not applicable.

(3) Not applicable.

B. 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 or loss from operations from ASC uninsured plans and the uninsured portion of partially insured plans were as follows during 2017:

		ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a.	Gross reimbursement for medical cost incurred	$ 1,431,006,595	$ 1,231,398,084	$ 2,662,404,679
b.	Gross administrative fees accrued	44,986,434	72,757,051	117,743,485
c.	Other income or expenses (including interest paid to or received from plans)	10,557	103,967	114,524
d.	Gross expenses incurred (claims and administrative)	1,471,326,099	1,344,975,795	2,816,301,894
e.	Total net gain or loss from operations	$ 4,677,487	$ (40,716,693)	$ (36,039,206)

NOTES TO FINANCIAL STATEMENTS

C. Medicare or Other 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, 2017 were $50,581,347. 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, 2017 the Company has a receivable of $667,531 from CMS for these reimbursements and has recorded a payable of $3,093,936 for pre-funded amounts received from CMS not applied to benefit payments.

During the year, the Company received a net amount of $4,349,080 for prior year cost reimbursements from CMS.

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

Not applicable.

Note 20 - Fair Value Measurements

A.

(1) Fair Value Measurements at December 31, 2017:

	Level 1	Level 2	Level 3	Total Fair Value
Assets at fair value:				
Bonds				
Industrial and misc.	$ -	$ 8,347,887	$ -	$ 8,347,887
Perpetual preferred stocks				
Industrial and misc.	-	7,499	-	7,499
Common stocks				
Industrial and misc.	287,730,652	112,640,460	3,865,158	404,236,270
Cash equivalents	23,829,709	1,472	-	23,831,181
Total assets at fair value	$ 311,560,361	$ 120,997,318	$ 3,865,158	$ 436,422,837

(2) Level 3 Fair Value Hierarchy Reconciliation:

Description	Beginning Balance at 01/01/17	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 as of Current Quarter End
Assets:										
Common Stock	$ 3,903,992	$ -	$ -	$ -	$ (38,834)	$ -	$ -	$ -	$ -	$ 3,865,158
Total Assets	$ 3,903,992	$ -	$ -	$ -	$ (38,834)	$ -	$ -	$ -	$ -	$ 3,865,158

(3) The Company recognizes transfers between fair value hierarchy levels at the end of the reporting period. There were no transfers between levels during the period.

(4) Financial instruments included in Level 2 consist of stocks denominated in foreign currency and bonds which have direct or indirect price inputs that are observable in active markets. Fair values of bonds and common stocks are based on quoted market prices, where available. The Company obtains one price for each security primarily from a third party pricing service or its custodian, which also uses a pricing service. The pricing service normally derives the 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 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) Not applicable.

NOTES TO FINANCIAL STATEMENTS

B. 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. Aggregate Fair Value and Admitted Value at December 31, 2017:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Assets:						
Bonds	$ 922,470,981	$ 893,364,993	$ -	$ 922,470,981	$ -	$ -
Preferred stocks	$ 18,467	$ 18,097	$ 10,968	$ 7,499	$ -	$ -
Common stocks	$ 404,236,270	$ 404,236,270	$ 287,730,652	$ 112,640,460	$ 3,865,158	$ -
Other invested assets	$ 936,094	$ 619,259	$ -	$ 936,094	$ -	$ -
Cash equivalents	$ 23,831,181	$ 23,831,181	$ 23,829,709	$ 1,472	$ -	$ -
Short-term investments	$ 11,739,527	$ 11,740,673	$ -	$ 11,739,527	$ -	$ -

D. Not applicable.

Note 21 - Other Items

A. Unusual or Infrequent Items – Not applicable.

B. Troubled Debt Restructuring – Not applicable.

C. Other Disclosures – Not applicable.

D. Business Interruption Insurance Recoveries – Not applicable.

E. State Transferable and Nontransferable Tax Credits – Not applicable.

F. Subprime Mortgage Related Risk Exposure

(1) 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, 2017 is 3.5% 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 $5,942,362 and $124,584, respectively, as of December 31, 2017. 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.

NOTES TO FINANCIAL STATEMENTS

(3) Direct exposure through other investments.

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
a. Residential mortgages backed securities	$ 41,159,278	$ 44,106,984	$ 49,924,559	$ -
b. Commercial mortgage backed securities	-	-	-	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	1,510,630	1,508,892	1,500,472	-
e. Equity investment in SCA's	-	-	-	-
f. Other assets	-	-	-	-
g. Total	$ 42,669,908	$ 45,615,876	$ 51,425,031	$ -

(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 – Not applicable.

Note 22 - Events Subsequent

Type I - Recognized Subsequent Events:

Subsequent events have been considered through February 15, 2018 for the statutory statement issued on February 28, 2018.

Type II - Nonrecognized Subsequent Events:

Subsequent events have been considered through February 15, 2018 for the statutory statement issued on February 28, 2018.

On January 26, 2018, the Company made a cash contribution to the pension plan of $30,000,000. The Company expects to make another contribution to the plan of $30,000,000 in the first quarter of 2018.

On January 1, 2018, the Company will be subject to an annual fee under section 9010 of the federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year 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, 2017, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2018, and estimates their portion of the health insurance industry fee to be payable on September 30, 2018 to be $46,400,000. This amount is reflected in special surplus. The assessment is expected to impact risk based capital (RBC) by a decrease of 32 points. Reporting the ACA assessment as of December 31, 2017 would not have triggered an RBC action level.

		Current Year	Prior Year
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	
B.	ACA fee assessment payable for the upcoming year	$ 46,400,000	$ -
C.	ACA fee assessment paid	$ -	$ 35,748,296
D.	Premium written subject to ACA 9010 assessment	$ 2,043,721,161	$ -
E.	Total Adjusted Capital before surplus adjustment (Five-Year Hisrotical Line 14)	$ 1,524,119,468	
F.	Total Adjusted Capital after surplus adjustment (Five-Year Hisrotical Line 14 minus 22B above)	$ 1,477,719,468	
G.	Authorized Control Level (Five-Year Hisrotical Line 15)	$ 147,166,563	
H.	Would reporting the ACA assessment as of December 31, 2014, have triggered an RBC action level (YES/NO)?	No	

NOTES TO FINANCIAL STATEMENTS

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 credit?

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.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. 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, 2017, the Company had two 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.

NOTES TO FINANCIAL STATEMENTS

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

C. The amount of net premiums written by the Company at December 31, 2017 that are subject to retrospective rating features was $2,033,212,537, which represented 76.5% of the total net premiums written for the Company. No other net premiums written by the Company are subject to retrospective rating features.

D. The Company estimates no medical loss ratio rebates required pursuant to the Public Health Services Act at December 31, 2017.

E. Risk-Sharing Provisions of the ACA

(1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)?

YES

(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	$ 14,500,000
Liabilities		
2.	Risk adjustment user fees payable for ACA Risk Adjustment	$ 112,001
3.	Premium adjustments payable due to ACA Risk Adjustment	$ -
Operations (Revenue & Expense)		
4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	$ 18,603,574
5.	Reported in expenses as ACA risk adjustment user fees (incurred/paid)	$ 118,395

b. Transitional ACA Reinsurance Program

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 & Expense)		
7.	Ceded reinsurance premiums due to ACA Reinsurance	$ -
8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	$ 960,098
9.	ACA Reinsurance contributions - not reported as ceded premium	$ -

c. Temporary ACA Risk Corridors Program - Not applicable.

NOTES TO FINANCIAL STATEMENTS

(3) Rollforward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance.

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					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)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable	$20,100,000	$ -	$23,941,208	$ -	$ (3,841,208)	$ -	$ 3,841,208	$ -	A	$ -	$ -
2. Premium adjustments (payable)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
3. Subtotal ACA Permanent Risk Adjustment Program	$20,100,000	$ -	$23,941,208	$ -	$ (3,841,208)	$ -	$ 3,841,208	$ -		$ -	$ -
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	$ 9,766,862	$ -	$10,385,849	$ -	$ (618,987)	$ -	$ 2,370,842	$ -	C	$ 1,751,855	$ -
2. Amounts recoverable for claims unpaid (contra liability)	$ -	$ 1,411,000	$ -	$ -	$ -	$ 1,411,000	$ -	$(1,411,000)	D	$ -	$ -
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	$ -	$ (4,919)	$ -	$ -	$ -	$ (4,919)	$ -	$ 4,919	H	$ -	$ -
7. Subtotal ACA Transitional Reinsurance Program	$ 9,766,862	$ 1,406,081	$10,385,849	$ -	$ (618,987)	$ 1,406,081	$ 2,370,842	$(1,406,081)		$ 1,751,855	$ -
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
2. Reserve rate for credits or policy experience rating refunds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
3. Subtotal ACA Risk Corridors Program	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
d. Total for ACA Risk Sharing Provisions	$29,866,862	$ 1,406,081	$34,327,057	$ -	$ (4,460,195)	$ 1,406,081	$ 6,212,050	$(1,406,081)		$ 1,751,855	$ -

Explanations of Adjustments

A Revised data received.
C Revised data received.
D Revised data received.
H Revised data received.

NOTES TO FINANCIAL STATEMENTS

(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.

Note 25 - Change in Incurred Claims and Claims Adjustment Expenses

A. The Company's reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years have decreased by $40,134,410 from $369,444,924 in 2016. 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. 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
12/31/2017	$ 25,693,417	$ -	$ -	$ -	$ -
9/30/2017	$ 24,313,827	$ 24,414,991	$ -	$ -	$ -
6/30/2017	$ 24,559,257	$ 18,675,206	$ 4,445,399	$ 19,204,834	$ -
3/31/2017	$ 22,579,338	$ 24,438,006	$ -	$ 21,638,715	$ 769,905
12/31/2016	$ 23,705,008	$ 21,112,025	$ -	$ 21,819,846	$ 4,832,521
9/30/2016	$ 22,775,836	$ 23,974,091	$ -	$ 19,813,162	$ 7,456,382
6/30/2016	$ 22,479,117	$ 17,365,473	$ -	$ 19,232,424	$ 6,709,940
3/31/2016	$ 19,301,217	$ 22,795,255	$ -	$ 17,315,497	$ 7,309,362
12/31/2015	$ 22,668,796	$ 24,204,456	$ -	$ 16,942,593	$ 8,567,798
9/30/2015	$ 22,319,093	$ 20,252,298	$ -	$ 15,726,514	$ 4,686,553
6/30/2015	$ 14,971,306	$ 16,846,613	$ -	$ 13,255,561	$ 2,995,970
3/31/2015	$ 14,681,306	$ 14,971,306	$ -	$ 9,786,263	$ 4,933,583

B. Risk Sharing Receivables – Not applicable.

Note 29 - Participating Policies

Not applicable.

Note 30 - Premium Deficiency Reserves

(1) Liability carried for premium deficiency reserves $0

(2) Date of the most recent evaluation of this liability 01/24/2018

(3) 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 [X] 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 [X] No [ ] N/A [ ]

1.3 State regulating? Iowa

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

2.2 If yes, date of change: 10/06/2017

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. 12/31/2011

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). 06/27/2013

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 [X]

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

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

- 4.11 sales of new business? Yes [ ] No [X]
- 4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

- 4.21 sales of new business? Yes [ ] No [X]
- 4.22 renewals? Yes [ ] No [X]

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

5.2 If yes, provide the name of entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

- 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 [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If the response to 8.3 is yes, please provide below the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 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 [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

11. What is the name, address and affiliation (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 [X]

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 [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

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

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 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 [X] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]

18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers $ 0

20.12 To stockholders not officers $ 0

20.13 Trustees, supreme or grand (Fraternal only) $ 0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers $ 0

20.22 To stockholders not officers 0

20.23 Trustees, supreme or grand (Fraternal only) 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement? Yes [ ] No [X]

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

21.21 Rented from others $ 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 [X] No [ ]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment $ 5,127,561

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 [X] No [ ]

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

24.01 Were all 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 [X] 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, 2017, 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 [X] 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 [X] 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 [X]

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 [X] 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 [X] No [ ]

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

25.21	Subject to repurchase agreements	$ 1,472
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 [X]

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

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

27.2 If yes, state the amount thereof at December 31 of the current year: $ 0

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

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

1 Name of Custodian(s)	2 Custodian's Address
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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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
TCW Asset Management Company, LLC	U
Templeton Investment Counsel, LLC	U
Wellington Management Company LLP	U
Fisher Investments, Inc.	U
Mesirow Financial Investment Management, Inc.	U
Metropolitan West Asset Management LLC	U
Dodge & Cox	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 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 assets? Yes [ ] No [X]

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	549300L1IG2JOW7XNY28	SEC	NO
105742	TCW Asset Management Company, LLC	549300LFK257DF2RVN05	SEC	NO
111370	Templeton Investment Counsel, LLC	D8ZZMLBMZO5UV5R9DG61	SEC	NO
106595	Wellington Management Company LLP	549300YHP12TEZNLCX41	SEC	NO
107342	Fisher Investments, Inc.		SEC	NO
111135	Mesirow Financial Investment Management, Inc.	IWFK35GSRKL2OLE5C129	SEC	NO
104571	Metropolitan West Asset Management LLC	5493004MDKGXC00IY283	SEC	NO
104596	Dodge & Cox	549300SV2HIB7EJR0U84	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	$ 1,526,865
29.2999 TOTAL		$ 1,526,865

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	US Treasury Note 2.35% due 05/15/2027	$ 52,204	09/30/2017
PIMCO Short-term Instl	US TIPS 0.125% due 04/15/2021	$ 32,224	09/30/2017
PIMCO Short-term Instl	US TIPS 0.125% due 04/15/2020	$ 23,761	09/30/2017
PIMCO Short-term Instl	US Treasury Note 1.75% due 09/30/2022	$ 23,724	09/30/2017
PIMCO Short-term Instl	Telefonica Emisiones 3.192% due 04/27/2018	$ 15,205	09/30/2017

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

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	$ 905,105,666	$ 934,210,508	$ 29,104,842
30.2	Preferred Stocks	$ 18,097	$ 18,467	$ 370
30.3	Totals	$ 905,123,763	$ 934,228,975	$ 29,105,212

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

Fair values of bonds and stocks are based on quoted market prices where available. The Company obtains one price for each security primarily from a third party pricing service or its custodian, which also uses a pricing service.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] 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 [X] No [ ]

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

33. By self-designating 5*GI securities, the reporting entity is certifying the following elements for each self-designation 5*GI security:
    a. Documentation necessary to permit a full credit analysis of the security does not exist.
    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 5*GI securities? Yes [ ] No [X]

OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 2,641,273

34.2 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	$ 1,307,058

35.1 Amount of payments for legal expenses, if any? $ 1,339,108

35.2 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	$ 542,991

36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 195,601

36.2 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.	$	398,148,816
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.	$	331,973,399
1.6	Individual policies:		
	Most current three years:		
	1.61 Total premium earned	$	73,934,682
	1.62 Total incurred claims	$	51,168,431
	1.63 Number of covered lives		48,899
	All years prior to most current three years:		
	1.64 Total premium earned	$	324,214,134
	1.65 Total incurred claims	$	280,804,968
	1.66 Number of covered lives		123,996
1.7	Group policies:		
	Most current three years:		
	1.71 Total premium earned	$	0
	1.72 Total incurred claims	$	0
	1.73 Number of covered lives		0
	All years prior to most current three years:		
	1.74 Total premium earned	$	0
	1.75 Total incurred claims	$	0
	1.76 Number of covered lives		0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 2,656,090,417	$ 2,654,800,651
2.2	Premium Denominator	$ 2,656,090,417	$ 2,654,800,651
2.3	Premium Ratio (2.1/2.2)	100.0%	100.0%
2.4	Reserve Numerator	$ 430,238,208	$ 444,490,374
2.5	Reserve Denominator	$ 430,238,208	$ 444,490,374
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: The Company retains all risk.		
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:
Reserves exceed all regulatory requirements and provider contracts have hold harmless provisions. Member of Iowa Life and Health Guaranty Association under Iowa Code 508C.

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No [ ]

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 8,736

8.2 Number of providers at end of reporting year 8,828

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 36,015,882

10.22 Amount actually paid for year bonuses 29,636,453

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.

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 [X] N/A [ ]

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)

FIVE-YEAR HISTORICAL DATA

	1 2017	2 2016	3 2015	4 2014	5 2013
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	2,423,522,882	2,129,480,667	2,043,927,418	2,018,044,802	2,065,842,866
2. Total liabilities (Page 3, Line 24)	899,403,414	799,205,981	721,945,415	658,295,751	672,024,463
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)	1,524,119,468	1,330,274,686	1,321,982,003	1,359,749,051	1,393,818,403
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	2,646,943,303	2,656,267,827	2,535,836,243	2,409,436,738	2,335,838,230
6. Total medical and hospital expenses (Line 18)	2,275,307,305	2,305,850,113	2,212,112,391	2,073,932,641	1,958,702,143
7. Claims adjustment expenses (Line 20)	97,845,527	92,200,746	80,305,713	82,762,682	83,495,460
8. Total administrative expenses (Line 21)	262,907,000	311,879,974	287,600,076	294,844,970	226,371,109
9. Net underwriting gain (loss) (Line 24)	10,883,471	(53,663,006)	(44,181,937)	(42,103,555)	67,269,518
10. Net investment gain (loss) (Line 27)	59,429,982	47,645,297	50,740,427	67,560,197	117,623,387
11. Total other income (Lines 28 plus 29)	(19,298,372)	(492,595)	(316,495)	(134,587)	(13,604,760)
12. Net income or (loss) (Line 32)	43,089,081	(26,507,304)	(1,832,005)	15,373,055	154,139,145
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	46,705,072	(818,390)	9,876,191	(26,314,624)	108,237,152
Risk-Based Capital Analysis					
14. Total adjusted capital	1,524,119,468	1,330,274,686	1,321,982,003	1,359,749,051	1,393,818,403
15. Authorized control level risk-based capital	147,166,563	142,115,619	140,286,299	132,386,288	123,169,305
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	1,254,850	1,273,834	1,299,157	1,286,750	1,280,016
17. Total member months (Column 6, Line 7)	15,050,662	15,216,983	15,535,137	15,356,046	15,320,938
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)	86.0	86.8	87.2	86.1	83.9
20. Cost containment expenses	0.8	0.7	0.7	1.1	1.5
21. Other claims adjustment expenses	2.9	2.8	2.4	2.4	2.0
22. Total underwriting deductions (Line 23)	99.6	102.0	101.7	101.7	97.1
23. Total underwriting gain (loss) (Line 24)	0.4	(2.0)	(1.7)	(1.7)	2.9
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	341,115,730	239,887,885	216,690,565	275,522,701	255,919,977
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	323,492,015	227,765,081	223,935,080	270,586,203	277,072,969
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)	495,750,290	414,739,140	403,191,015	405,977,457	402,202,930
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	495,750,290	414,739,140	403,191,015	405,977,457	402,202,930
33. Total investment in parent included in Lines 26 to 31 above					

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

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	N							0	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. District of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	L	2,386,460,433			235,085,312			2,621,545,745	
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	34,544,672						34,544,672	
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
59. Subtotal	XXX	2,421,005,105	0	0	235,085,312	0	0	2,656,090,417	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 2	2,421,005,105	0	0	235,085,312	0	0	2,656,090,417	0

DETAILS OF WRITE-INS

	2	3	4	5	6	7	8	9
58001.							0	
58002.							0	
58003.							0	
58998. Summary of remaining write-ins for line 58	0	0	0	0	0	0	0	0
58999. Total (Lines 58001 through 58003 + 58998)	0	0	0	0	0	0	0	0

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

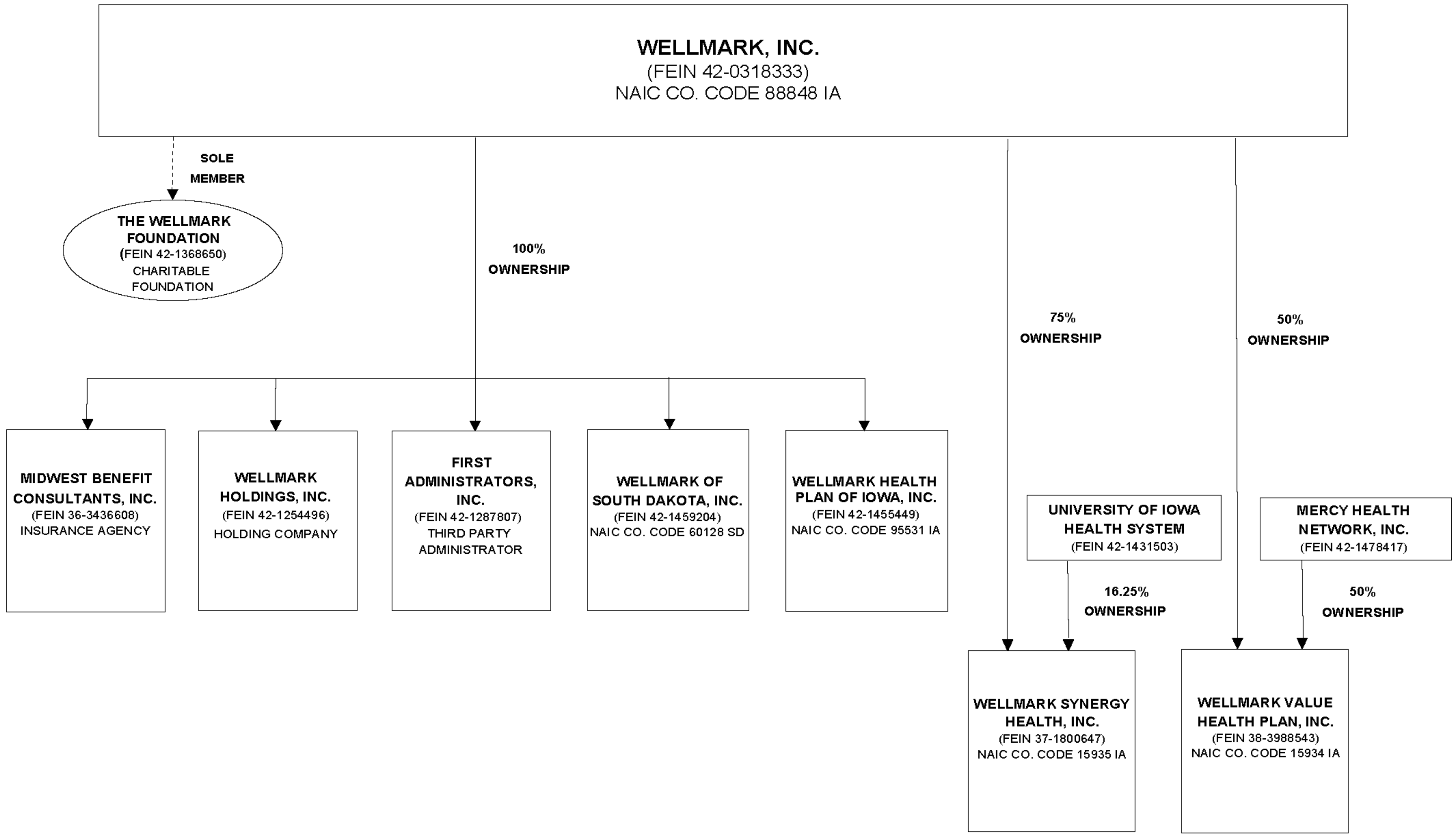
Explanation of basis of allocation by states, premiums by state, etc.

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

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

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

PART 1 – ORGANIZATIONAL CHART



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HEALTH ANNUAL STATEMENT BLANK