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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2018

OF THE CONDITION AND AFFAIRS OF THE

HealthSpring Life & Health Insurance Company, Inc.

NAIC Group Code 0901 (Current) 0901 (Prior) NAIC Company Code 12902 Employer's ID Number 20-8534298

Organized under the Laws of Texas, State of Domicile or Port of Entry TX

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health

Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized 02/27/2007 Commenced Business 02/27/2007

Statutory Home Office 2800 North Loop West, Suite 500 (Street and Number), Houston, TX, US 77092 (City or Town, State, Country and Zip Code)

Main Administrative Office 530 Great Circle Road (Street and Number)

Nashville, TN, US 37228 (City or Town, State, Country and Zip Code), 615-291-7000 (Area Code) (Telephone Number)

Mail Address 530 Great Circle Road (Street and Number or P.O. Box), Nashville, TN, US 37228 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 530 Great Circle Road (Street and Number)

Nashville, TN, US 37228 (City or Town, State, Country and Zip Code), 615-291-7000 (Area Code) (Telephone Number)

Internet Website Address www.cignahealthspring.com

Statutory Statement Contact Connie Schmidt Ansley (Name), 615-564-3480 (Area Code) (Telephone Number)

regulatory@healthspring.com (E-mail Address), 615-401-4566 (FAX Number)

OFFICERS

President & Chief Executive Officer	Brian Case Evanko #	Vice President	Brent Jason Sanders
Chief Financial Officer	Ryan Bruce McGroarty	Corporate Medical Director	Dirk Oliver Wales MD

OTHER

Sheffield Hoover Young, Divisional President	Kristinn Klunkert Benton, Vice President	Thomas Andrew Young #, Compliance Officer
Gregory Nicholas Malone, Appointed Actuary	Scott Ronald Lambert, Vice President & Treasurer	Maureen Hardiman Ryan, Vice President & Assistant Treasurer
Jumana Nadeem Siddiqui, Assistant Treasurer	Rhiannon Ashley Bernier, Assistant Secretary	Anna Krishtul, Corporate Secretary

DIRECTORS OR TRUSTEES

Brent Jason Sanders	Ryan Bruce McGroarty	Sheffield Hoover Young
Nathan Allen		

State of Tennessee
County of Davidson SS:

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.

Brian Case Evanko	Ryan Bruce McGroarty	Brent Jason Sanders
President and Chief Executive Officer	Chief Financial Officer	Vice President

Subscribed and sworn to before me this
_____ day of February, 2019

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	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	827,126,643		827,126,643	632,113,934
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ encumbrances)			0	
4.2 Properties held for the production of income (less $ encumbrances)			0	
4.3 Properties held for sale (less $ encumbrances)			0	
5. Cash ($ (6,273,778) , Schedule E - Part 1), cash equivalents ($ 0 , Schedule E - Part 2) and short-term investments ($ 0 , Schedule DA)	(6,273,778)		(6,273,778)	248,349,260
6. Contract loans, (including $ 0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)			0	
9. Receivables for securities			0	69,680
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)	820,852,865	0	820,852,865	880,532,874
13. Title plants less $ 0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	7,909,149	0	7,909,149	5,984,857
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	141,003,800	1,463,115	139,540,685	30,638,450
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums ($ 0) and contracts subject to redetermination ($ 0)			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	984,932
18.1 Current federal and foreign income tax recoverable and interest thereon	227,600		227,600	35,875,394
18.2 Net deferred tax asset	9,370,764	478,138	8,892,626	10,605,000
19. Guaranty funds receivable or on deposit	229,516		229,516	229,516
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets ($ 0)			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	2,481,144		2,481,144	7,131,522
24. Health care ($ 72,552,301) and other amounts receivable	85,978,509	13,394,677	72,583,832	74,984,862
25. Aggregate write-ins for other than invested assets	7,586,529	0	7,586,529	690,929
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,075,639,876	15,335,930	1,060,303,946	1,047,658,336
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	1,075,639,876	15,335,930	1,060,303,946	1,047,658,336
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Health Insurance Industry Fee Reimbursement	6,962,766		6,962,766	231,611
2502. State Income Taxes Recoverable	623,763		623,763	458,791
2503. Provider Pass Thru Payment from State of Texas	0		0	527
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	7,586,529	0	7,586,529	690,929

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $ 0 reinsurance ceded)	316,644,426	10,849,548	327,493,974	299,034,908
2. Accrued medical incentive pool and bonus amounts	25,067,366		25,067,366	22,872,076
3. Unpaid claims adjustment expenses		4,328,543	4,328,543	3,932,964
4. Aggregate health policy reserves, including the liability of $ 134,322 for medical loss ratio rebate per the Public Health Service Act	35,681,574		35,681,574	44,215,431
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserves			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	65,998		65,998	142,015
9. General expenses due or accrued	4,938,027		4,938,027	2,712,910
10.1 Current federal and foreign income tax payable and interest thereon (including $ 0 on realized capital gains (losses))			0	2,727,973
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others			0	
13. Remittances and items not allocated			0	
14. Borrowed money (including $ 0 current) and interest thereon $ 0 (including $ 0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	73,702,068		73,702,068	99,457,105
16. Derivatives			0	
17. Payable for securities			0	
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties (with $ 0 authorized reinsurers, $ 0 unauthorized reinsurers and $ 0 certified reinsurers)			0	
20. Reinsurance in unauthorized and certified ($ 0) companies			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans	7,483,334		7,483,334	6,797,609
23. Aggregate write-ins for other liabilities (including $ 18,797,311 current)	18,797,311	0	18,797,311	15,044,435
24. Total liabilities (Lines 1 to 23)	482,380,104	15,178,091	497,558,195	496,937,426
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	65,637,894
26. Common capital stock	XXX	XXX	2,500,000	2,500,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	177,190,962	177,190,962
29. Surplus notes	XXX	XXX	900,000	900,000
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	382,154,789	304,492,054
32. Less treasury stock, at cost:				
32.1 0 shares common (value included in Line 26 $ 0)	XXX	XXX		
32.2 0 shares preferred (value included in Line 27 $ 0)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	562,745,751	550,720,910
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,060,303,946	1,047,658,336
DETAILS OF WRITE-INS				
2301. Nursing Facility Pass Through Accrual	12,933,498		12,933,498	7,715,137
2302. Escheatment Liability	5,821,176		5,821,176	7,257,848
2303. Guaranty Funds Liability	42,637		42,637	71,450
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	18,797,311	0	18,797,311	15,044,435
2501. Health Insurance Industry Fee	XXX	XXX		65,637,894
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 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	65,637,894
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 thru 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	3,566,869	3,656,421
2.	Net premium income (including $ 0 non-health premium income)	XXX	4,135,887,500	4,086,835,002
3.	Change in unearned premium reserves and reserve for rate credits	XXX	0	0
4.	Fee-for-service (net of $ 0 medical expenses)	XXX	0	0
5.	Risk revenue	XXX	0	0
6.	Aggregate write-ins for other health care related revenues	XXX	6,279,821	168,753
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	4,142,167,321	4,087,003,755
	Hospital and Medical:			
9.	Hospital/medical benefits		2,857,063,496	2,903,232,725
10.	Other professional services		53,964,472	54,247,946
11.	Outside referrals	112,518,999	112,518,999	147,078,769
12.	Emergency room and out-of-area	5,562,986	90,517,530	64,150,615
13.	Prescription drugs		294,425,188	306,412,149
14.	Aggregate write-ins for other hospital and medical	0	0	0
15.	Incentive pool, withhold adjustments and bonus amounts		(25,022,844)	(29,092,579)
16.	Subtotal (Lines 9 to 15)	118,081,985	3,383,466,841	3,446,029,625
	Less:			
17.	Net reinsurance recoveries		0	
18.	Total hospital and medical (Lines 16 minus 17)	118,081,985	3,383,466,841	3,446,029,625
19.	Non-health claims (net)			0
20.	Claims adjustment expenses, including $ 329,232,874 cost containment expenses	352,029,264	352,029,264	257,823,958
21.	General administrative expenses		311,781,828	347,557,822
22.	Increase in reserves for life and accident and health contracts (including $ 0 increase in reserves for life only)		(203,817)	(1,399,698)
23.	Total underwriting deductions (Lines 18 through 22)	470,111,249	4,047,074,116	4,050,011,707
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	95,093,205	36,992,048
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		32,170,073	22,100,527
26.	Net realized capital gains (losses) less capital gains tax of $ (28,069)		(741,346)	(575,127)
27.	Net investment gains (losses) (Lines 25 plus 26)	0	31,428,727	21,525,400
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ 0) (amount charged off $ 621,826)]		(621,826)	(4,076,688)
29.	Aggregate write-ins for other income or expenses	0	(153,600)	(202,074)
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	125,746,506	54,238,686
31.	Federal and foreign income taxes incurred	XXX	35,446,601	21,409,781
32.	Net income (loss) (Lines 30 minus 31)	XXX	90,299,905	32,828,905
	DETAILS OF WRITE-INS			
0601.	Health Industry Fee Recoupment	XXX	6,416,620	179,095
0602.	Living Well Premiums	XXX	(27,626)	(8,785)
0603	Escheatment/Unclaimed Property	XXX	(109,173)	323
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	(1,880)
0699.	Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	6,279,821	168,753
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 thru 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 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901.	Penalties and Fines		(153,600)	(202,074)
2902.				
2903				
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	(153,600)	(202,074)

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	550,720,910	516,779,167
34.	Net income or (loss) from Line 32	90,299,905	32,828,905
35.	Change in valuation basis of aggregate policy and claim reserves		0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $ (339,331)	(1,276,529)	741,387
37.	Change in net unrealized foreign exchange capital gain or (loss)		0
38.	Change in net deferred income tax	(1,712,374)	(5,994,285)
39.	Change in nonadmitted assets	4,613,839	6,365,736
40	Change in unauthorized and certified reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	0
43.	Cumulative effect of changes in accounting principles		0
44.	Capital Changes:		
	44.1 Paid in	0	0
	44.2 Transferred from surplus (Stock Dividend)	0	0
	44.3 Transferred to surplus		0
45.	Surplus adjustments:		
	45.1 Paid in	0	0
	45.2 Transferred to capital (Stock Dividend)		0
	45.3 Transferred from capital		0
46.	Dividends to stockholders	(79,900,000)	0
47.	Aggregate write-ins for gains or (losses) in surplus	0	0
48.	Net change in capital and surplus (Lines 34 to 47)	12,024,841	33,941,743
49.	Capital and surplus end of reporting period (Line 33 plus 48)	562,745,751	550,720,910
	DETAILS OF WRITE-INS		
4701.			
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	4,016,659,065	4,172,618,936
2.	Net investment income	31,314,425	25,545,542
3.	Miscellaneous income	(451,333)	8,606,865
4.	Total (Lines 1 through 3)	4,047,522,157	4,206,771,343
5.	Benefit and loss related payments	3,357,945,842	3,527,386,092
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7.	Commissions, expenses paid and aggregate write-ins for deductions	659,898,656	470,396,036
8.	Dividends paid to policyholders		0
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	2,498,712	34,248,335
10.	Total (Lines 5 through 9)	4,020,343,210	4,032,030,463
11.	Net cash from operations (Line 4 minus Line 10)	27,178,947	174,740,880
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	51,095,329	94,246,546
	12.2 Stocks	0	0
	12.3 Mortgage loans	0	0
	12.4 Real estate	0	0
	12.5 Other invested assets	0	0
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(316)	(8,580)
	12.7 Miscellaneous proceeds	69,680	0
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	51,164,693	94,237,966
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	249,561,640	147,424,607
	13.2 Stocks	0	0
	13.3 Mortgage loans	0	0
	13.4 Real estate	0	0
	13.5 Other invested assets	0	0
	13.6 Miscellaneous applications	0	69,680
	13.7 Total investments acquired (Lines 13.1 to 13.6)	249,561,640	147,494,287
14.	Net increase (decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(198,396,947)	(53,256,321)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	0	0
	16.2 Capital and paid in surplus, less treasury stock	0	0
	16.3 Borrowed funds	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
	16.5 Dividends to stockholders	79,900,000	0
	16.6 Other cash provided (applied)	(3,505,038)	(15,862,957)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(83,405,038)	(15,862,957)
	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)	(254,623,038)	105,621,602
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	248,349,260	142,727,658
	19.2 End of year (Line 18 plus Line 19.1)	(6,273,778)	248,349,260

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

20.0001.	Non-cash transactions - Bonds Disposed	28,652,924	6,168,713
20.0002.	Non-cash transactions - Bonds Acquired	28,652,924	6,168,713

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & 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. Net premium income	4,135,887,500						3,199,284,961	936,603,595	(1,056)	
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $ .... medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	6,279,821	(27,626)	0	0	0	0	(109,064)	6,416,620	(109)	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)	4,142,167,321	(27,626)	0	0	0	0	3,199,175,897	943,020,215	(1,165)	0
8. Hospital/medical benefits	2,857,063,496						2,226,202,751	630,860,745		XXX
9. Other professional services	53,964,472						48,440,837	5,523,635		XXX
10. Outside referrals	112,518,999						74,530,865	37,988,134		XXX
11. Emergency room and out-of-area	90,517,530						71,671,294	18,846,236		XXX
12. Prescription drugs	294,425,188						182,088,791	115,626,663	(3,290,266)	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	(25,022,844)						(25,035,959)	13,115		XXX
15. Subtotal (Lines 8 to 14)	3,383,466,841	0	0	0	0	0	2,577,898,579	808,858,528	(3,290,266)	XXX
16. Net reinsurance recoveries	0									XXX
17. Total medical and hospital (Lines 15 minus 16)	3,383,466,841	0	0	0	0	0	2,577,898,579	808,858,528	(3,290,266)	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $ 329,232,874 cost containment expenses	352,029,264						260,019,548	92,009,730	(14)	
20. General administrative expenses	311,781,828						242,149,215	69,662,837	(30,224)	
21. Increase in reserves for accident and health contracts	(203,817)							(203,817)		XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	4,047,074,116	0	0	0	0	0	3,080,067,342	970,327,278	(3,320,504)	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	95,093,205	(27,626)	0	0	0	0	119,108,555	(27,307,063)	3,319,339	0
DETAILS OF WRITE-INS										
0501. Health Industry Fee Recoupment	6,416,620							6,416,620		XXX
0502. Living Well Premiums	(27,626)	(27,626)								XXX
0503. Escheatment/Unclaimed Property	(109,173)						(109,064)		(109)	XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	6,279,821	(27,626)	0	0	0	0	(109,064)	6,416,620	(109)	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		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. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 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)				0
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	3,199,284,961			3,199,284,961
7. Title XIX - Medicaid	936,603,595			936,603,595
8. Other health	(1,056)			(1,056)
9. Health subtotal (Lines 1 through 8)	4,135,887,500	0	0	4,135,887,500
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	4,135,887,500	0	0	4,135,887,500

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & 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	3,385,163,976						2,570,278,206	815,657,366	(771,596)	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	3,385,163,976	0	0	0	0	0	2,570,278,206	815,657,366	(771,596)	0
2. Paid medical incentive pools and bonuses	(27,218,134)						(27,231,249)	13,115		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	327,493,974	0	0	0	0	0	266,954,743	56,968,151	3,571,080	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	327,493,974	0	0	0	0	0	266,954,743	56,968,151	3,571,080	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	25,067,366						25,067,366			
6. Net healthcare receivables (a)	5,133,357						9,125,377	(3,976,270)	(15,750)	
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	299,034,908						225,173,034	67,756,374	6,105,500	
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	0									
8.4 Net	299,034,908	0	0	0	0	0	225,173,034	67,756,374	6,105,500	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	22,872,076						22,872,076			
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred Benefits:										
12.1 Direct	3,408,489,685	0	0	0	0	0	2,602,934,538	808,845,413	(3,290,266)	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	3,408,489,685	0	0	0	0	0	2,602,934,538	808,845,413	(3,290,266)	0
13. Incurred medical incentive pools and bonuses	(25,022,844)	0	0	0	0	0	(25,035,959)	13,115	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 (Hospital & 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. Reported in Process of Adjustment:										
1.1 Direct	98,268,642						88,870,380	6,334,545	3,063,717	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	98,268,642	0	0	0	0	0	88,870,380	6,334,545	3,063,717	0
2. Incurred but Unreported:										
2.1 Direct	229,225,332						178,084,363	50,633,606	507,363	
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	229,225,332	0	0	0	0	0	178,084,363	50,633,606	507,363	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	327,493,974	0	0	0	0	0	266,954,743	56,968,151	3,571,080	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	327,493,974	0	0	0	0	0	266,954,743	56,968,151	3,571,080	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
	1	2	3	4		
Line of Business	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	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)					0	
2. Medicare Supplement					0	
3. Dental Only					0	
4. Vision Only					0	
5. Federal Employees Health Benefits Plan					0	
6. Title XVIII - Medicare	114,982,625	2,455,295,581	16,321,839	250,632,904	131,304,464	225,173,035
7 Title XIX - Medicaid	43,192,521	772,464,845	2,070,153	54,897,998	45,262,674	67,756,373
8. Other health	(76,764)	(694,832)	3,571,080		3,494,316	6,105,500
9. Health subtotal (Lines 1 to 8)	158,098,382	3,227,065,594	21,963,072	305,530,902	180,061,454	299,034,908
10. Healthcare receivables (a)	11,802,652	25,165,690		48,978,636	11,802,652	80,813,621
11. Other non-health					0	
12. Medical incentive pools and bonus amounts	17,964,812	(45,182,946)	3,031,187	22,036,179	20,995,999	22,872,076
13. Totals (Lines 9 - 10 + 11 + 12)	164,260,542	3,156,716,958	24,994,259	278,588,445	189,254,801	241,093,363

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

($000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	2,560	2,505	2,469	2,467	2,467
2. 2014	(11)			(25)	(25)
3. 2015	XXX				
4. 2016	XXX	XXX			
5. 2017	XXX	XXX	XXX		
6. 2018	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims - Comprehensive (Hospital & 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 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	2,560	2,505	2,467	2,467	2,467
2. 2014	(11)			(25)	(25)
3. 2015	XXX				
4. 2016	XXX	XXX			
5. 2017	XXX	XXX	XXX		
6. 2018	XXX	XXX	XXX	XXX	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014		(25)		0.0	(25)	0.0			(25)	0.0
2. 2015				0.0	0	0.0			0	0.0
3. 2016				0.0	0	0.0			0	0.0
4. 2017				0.0	0	0.0			0	0.0
5. 2018				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

($000 Omitted)

Section A - Paid Health Claims - Title XVIII

	Cumulative Net Amounts Paid				
Year in Which Losses Were Incurred	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	799,093	798,321	798,647	798,646	798,646
2. 2014	2,468,521	2,630,273	2,630,565	2,631,774	2,631,774
3. 2015	XXX	2,660,180	2,838,637	2,853,760	2,853,472
4. 2016	XXX	XXX	2,876,565	3,035,776	3,037,114
5. 2017	XXX	XXX	XXX	2,474,605	2,606,503
6. 2018	XXX	XXX	XXX	XXX	2,400,974

Section B - Incurred Health Claims - Title XVIII

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
Year in Which Losses Were Incurred	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	804,972	798,339	798,647	798,646	798,646
2. 2014	2,697,872	2,635,979	2,630,565	2,631,774	2,631,774
3. 2015	XXX	2,930,418	2,851,596	2,853,760	2,853,472
4. 2016	XXX	XXX	3,173,612	3,050,295	3,037,114
5. 2017	XXX	XXX	XXX	2,708,131	2,625,844
6. 2018	XXX	XXX	XXX	XXX	2,673,655

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014	3,206,692	2,631,774	126,278	4.8	2,758,052	86.0			2,758,052	86.0
2. 2015	3,463,744	2,853,472	148,781	5.2	3,002,253	86.7			3,002,253	86.7
3. 2016	3,712,403	3,037,114	219,328	7.2	3,256,442	87.7			3,256,442	87.7
4. 2017	3,116,117	2,606,503	203,948	7.8	2,810,451	90.2	19,341	223	2,830,015	90.8
5. 2018	3,200,724	2,400,974	228,171	9.5	2,629,145	82.1	272,681	3,142	2,904,968	90.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

($000 Omitted)

Section A - Paid Health Claims - Title XIX

	Cumulative Net Amounts Paid				
Year in Which Losses Were Incurred	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	16,989	16,931	17,054	17,054	17,054
2. 2014	321,966	357,146	356,864	357,922	357,922
3. 2015	XXX	762,786	836,606	837,725	837,654
4. 2016	XXX	XXX	807,413	859,969	854,964
5. 2017	XXX	XXX	XXX	825,565	873,833
6. 2018	XXX	XXX	XXX	XXX	776,454

Section B - Incurred Health Claims - Title XIX

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
Year in Which Losses Were Incurred	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	17,039	16,931	17,054	17,054	17,054
2. 2014	393,222	357,238	357,864	357,922	357,922
3. 2015	XXX	844,983	838,892	837,725	837,654
4. 2016	XXX	XXX	893,213	862,619	854,964
5. 2017	XXX	XXX	XXX	890,671	875,904
6. 2018	XXX	XXX	XXX	XXX	831,352

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014	459,238	357,922	29,324	8.2	387,246	84.3			387,246	84.3
2. 2015	981,328	837,654	62,049	7.4	899,703	91.7			899,703	91.7
3. 2016	1,007,122	854,964	87,238	10.2	942,202	93.6			942,202	93.6
4. 2017	966,799	873,833	66,176	7.6	940,009	97.2	2,070	35	942,114	97.4
5. 2018	943,494	776,454	80,931	10.4	857,385	90.9	54,898	929	913,212	96.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

($000 Omitted)

Section A - Paid Health Claims - Other

	Cumulative Net Amounts Paid				
Year in Which Losses Were Incurred	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	(17,323)	(17,323)	(17,324)	(17,324)	(17,324)
2. 2014	409,957	344,858	341,612	341,577	341,577
3. 2015	XXX	62,785	62,706	62,706	61,934
4. 2016	XXX	XXX	78	78	78
5. 2017	XXX	XXX	XXX	(1)	(1)
6. 2018	XXX	XXX	XXX	XXX	16

Section B - Incurred Health Claims - Other

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
Year in Which Losses Were Incurred	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	(13,976)	(17,323)	(17,323)	(17,324)	(17,324)
2. 2014	418,758	349,443	348,780	347,682	341,577
3. 2015	XXX	62,785	62,706	62,706	65,505
4. 2016	XXX	XXX	78	78	78
5. 2017	XXX	XXX	XXX		(1)
6. 2018	XXX	XXX	XXX	XXX	16

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014	431,570	341,577	27,715	8.1	369,292	85.6	3,571		372,863	86.4
2. 2015	(9,346)	61,934	539	0.9	62,473	(668.4)			62,473	(668.4)
3. 2016	(2)	78	0	0.0	78	(3,900.0)			78	(3,900.0)
4. 2017	785	(1)	(1)	100.0	(2)	(0.3)			(2)	(0.3)
5. 2018	(1)	16	0	0.0	16	(1,600.0)			16	(1,600.0)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
($000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	801,319	800,434	800,846	800,843	800,843
2. 2014	3,200,433	3,332,277	3,329,041	3,331,248	3,331,248
3. 2015	XXX	3,485,751	3,737,949	3,754,191	3,753,060
4. 2016	XXX	XXX	3,684,056	3,895,823	3,892,156
5. 2017	XXX	XXX	XXX	3,300,169	3,480,335
6. 2018	XXX	XXX	XXX	XXX	3,177,444

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 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	810,595	800,452	800,845	800,843	800,843
2. 2014	3,509,841	3,342,660	3,337,209	3,337,353	3,331,248
3. 2015	XXX	3,838,186	3,753,194	3,754,191	3,756,631
4. 2016	XXX	XXX	4,066,903	3,912,992	3,892,156
5. 2017	XXX	XXX	XXX	3,598,802	3,501,747
6. 2018	XXX	XXX	XXX	XXX	3,505,023

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014	4,097,500	3,331,248	183,317	5.5	3,514,565	85.8	3,571	0	3,518,136	85.9
2. 2015	4,435,726	3,753,060	211,369	5.6	3,964,429	89.4	0	0	3,964,429	89.4
3. 2016	4,719,523	3,892,156	306,566	7.9	4,198,722	89.0	0	0	4,198,722	89.0
4. 2017	4,083,701	3,480,335	270,123	7.8	3,750,458	91.8	21,411	258	3,772,127	92.4
5. 2018	4,144,217	3,177,444	309,102	9.7	3,486,546	84.1	327,579	4,071	3,818,196	92.1

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital & 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	0								
2. Additional policy reserves (a)	25,851,495							25,851,495	
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $ 0) for investment income	6,919,695						134,322	6,785,373	
5. Aggregate write-ins for other policy reserves	2,910,384	0	0	0	0	0	3,090,967	(180,583)	0
6. Totals (gross)	35,681,574	0	0	0	0	0	3,225,289	32,456,285	0
7. Reinsurance ceded	0								
8. Totals (Net)(Page 3, Line 4)	35,681,574	0	0	0	0	0	3,225,289	32,456,285	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. CMS Risk Corridor	2,910,384						3,090,967	(180,583)	
0502.									
0503.									
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 thru 0503 plus 0598) (Line 5 above)	2,910,384	0	0	0	0	0	3,090,967	(180,583)	0
1101.									
1102.									
1103.									
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 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $ 25,851,495 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ 0 for occupancy of own building)	230,919	0	3,044,096		3,275,015
2. Salary, wages and other benefits	227,822,730	15,922,459	85,508,184		329,253,373
3. Commissions (less $ 0 ceded plus $ 0 assumed)	0	0	64,427,990		64,427,990
4. Legal fees and expenses	0	0	66,564		66,564
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	15,034,969	5,068,297	38,112,530		58,215,796
7. Traveling expenses	3,428,813	168,661	5,274,025		8,871,499
8. Marketing and advertising	0	0	2,935,260		2,935,260
9. Postage, express and telephone	1,259,435	159,984	5,527,552		6,946,971
10. Printing and office supplies	2,611,263	60,371	4,339,536		7,011,170
11. Occupancy, depreciation and amortization					0
12. Equipment	20,832	3,767	360,811		385,410
13. Cost or depreciation of EDP equipment and software	3,940	279	733		4,952
14. Outsourced services including EDP, claims, and other services	62,731,841	62,748	6,200,624		68,995,213
15. Boards, bureaus and association fees	101,556	9,249	553,336		664,141
16. Insurance, except on real estate	0	0	0		0
17. Collection and bank service charges	4,514	0	137,668		142,182
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes	0	0	58		58
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			524,761		524,761
23.2 State premium taxes			17,424,959		17,424,959
23.3 Regulatory authority licenses and fees	9,200	0	197,961		207,161
23.4 Payroll taxes	13,550,709	941,145	5,141,493		19,633,347
23.5 Other (excluding federal income and real estate taxes)	0	0	63,502,921		63,502,921
24. Investment expenses not included elsewhere				1,161,667	1,161,667
25. Aggregate write-ins for expenses	2,422,153	399,430	8,500,766	0	11,322,349
26. Total expenses incurred (Lines 1 to 25)	329,232,874	22,796,390	311,781,828	1,161,667	(a) 664,972,759
27. Less expenses unpaid December 31, current year	280,304	4,048,239	4,938,027		9,266,570
28. Add expenses unpaid December 31, prior year	2,831,674	1,101,290	2,712,910		6,645,874
29. Amounts receivable relating to uninsured plans, prior year	0	0	984,932		984,932
30. Amounts receivable relating to uninsured plans, current year	0	0	0		0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	331,784,244	19,849,441	308,571,779	1,161,667	661,367,131
DETAILS OF WRITE-INS					
2501. Other general expenses	142,512	3,851	7,174,487		7,320,850
2502. Loss Adjustment Expense	1,648,260	395,579			2,043,839
2503. Part D Admin Fees			1,177,070		1,177,070
2598. Summary of remaining write-ins for Line 25 from overflow page	631,381	0	149,209	0	780,590
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	2,422,153	399,430	8,500,766	0	11,322,349

(a) Includes management fees of $ 516,676,358 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) 164,057	163,963
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 28,551,070	30,475,456
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5	Contract Loans		
6	Cash, cash equivalents and short-term investments	(e) 2,682,081	2,682,081
7	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	10,240	10,240
10.	Total gross investment income	31,407,448	33,331,740
11.	Investment expenses		(g) 1,161,667
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		1,161,667
17.	Net investment income (Line 10 minus Line 16)		32,170,073
	DETAILS OF WRITE-INS		
0901.	Intercompany Interest	1,858	1,858
0902.	Bank interest	8,382	8,382
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	10,240	10,240
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

(a) Includes $ 823,078 accrual of discount less $ 2,834,158 amortization of premium and less $ 1,417,935 paid for accrued interest on purchases.

(b) Includes $ .... accrual of discount less $ .... amortization of premium and less $ .... paid for accrued dividends on purchases.

(c) Includes $ .... accrual of discount less $ .... amortization of premium and less $ .... paid for accrued interest on purchases.

(d) Includes $ .... for company's occupancy of its own buildings; and excludes $ .... interest on encumbrances.

(e) Includes $ 2,608,068 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.

(f) Includes $ .... accrual of discount less $ .... amortization of premium.

(g) Includes $. .... investment expenses and $ .... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.

(h) Includes $ .... interest on surplus notes and $ .... interest on capital notes.

(i) Includes $ .... depreciation on real estate and $ .... 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	0	0	0	0	0
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	(769,098)	0	(769,098)	(1,615,862)	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	0	0	0	0	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans		0	0	0	0
4.	Real estate		0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	(316)	0	(316)	0	0
7.	Derivative instruments			0		
8.	Other invested assets		0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	(769,414)	0	(769,414)	(1,615,862)	0
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED 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			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued	0		0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,463,115	164,798	(1,298,317)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums and contracts subject to redetermination			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	478,138	138,807	(339,331)
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivable from parent, subsidiaries and affiliates		13,815,240	13,815,240
24. Health care and other amounts receivable	13,394,677	5,828,759	(7,565,918)
25. Aggregate write-ins for other than invested assets	0	2,165	2,165
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	15,335,930	19,949,769	4,613,839
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. Total (Lines 26 and 27)	15,335,930	19,949,769	4,613,839
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Other Assets		2,165	2,165
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	2,165	2,165

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations	151,519					
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	148,044	296,398	296,724	297,428	298,647	3,566,869
7. Total	299,563	296,398	296,724	297,428	298,647	3,566,869
DETAILS OF WRITE-INS						
0601. Medicare Advantage	96,326	245,061	245,276	246,142	247,397	2,950,054
0602. Medicaid	51,718	51,337	51,448	51,286	51,250	616,815
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	148,044	296,398	296,724	297,428	298,647	3,566,869

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

Acquisition of Express Scripts

The Company's ultimate parent entity, Cigna Corporation (Cigna), acquired Express Scripts on December 20, 2018 in a cash and stock transaction valued at $52.8 billion.

The acquired Express Scripts business accelerates Cigna's strategy by increasing its ability to put medicine within reach of customers while also helping to make it more affordable. Cigna can improve patient outcomes and help control the cost of the drug benefit by: 1) identifying products and offering solutions that improve patient outcomes and assist in controlling costs; 2) evaluating drugs for efficacy, value and price to select a cost-effective formulary; 3) offering cost-effective home delivery pharmacy and specialty services that produce cost savings for plan sponsors and better care for members; 4) leveraging purchasing volume to provide discounts to health benefit providers; and 5) promoting generic and lower-cost brands.

U.S. Tax Reform Legislation

Major U.S. tax reform legislation was signed into law on December 22, 2017, reducing the corporate income tax rate from 35% to 21% effective January 1, 2018, among other things.

Medicare Advantage Star Quality Ratings ("Star Ratings")

Medicare Advantage (MA) plans must have a Star Rating of four Stars or greater to qualify for bonus payments. Approximately 60% of Cigna's Medicare Advantage customers were in a four Star or greater plan with bonus payments received in 2018. Cigna expects that approximately 72% and 76% of its Medicare Advantage customers will be in a four Star or greater plan for bonus payments to be received in 2019 and 2020, respectively.

Medicare Advantage Risk Adjustment Validation ("RADV") Audits

In connection with CMS's continuing statutory obligation to review risk score coding practices by Medicare Advantage plans, CMS is conducting audits of Medicare Advantage plans for compliance by the plans and their providers with proper coding practices (sometimes referred to as Risk Adjustment Data Validation Audits or RADV Audits).

In 2012, CMS released a payment methodology that provided for sample audit error rates to be extrapolated to the entire MA contract after comparing audit results to a similar audit of Medicare Fee for Service (the "FFS Adjuster"), including any errors in the Medicare FFS data. This comparison is necessary to determine the true economic impact of the audit, if any, because the government uses the Medicare FFS data to determine adjustments to MA payment rates for various health conditions to establish actuarial equivalency in payment rates as required by the Medicare statute.

In the fourth quarter of 2018, CMS issued a proposed rule that included, among other things, extrapolation of the error rate related to audit findings without applying the FFS Adjuster. While it is uncertain whether CMS will issue the rule in its current form, if they did, it would have a material impact to the Company's future results of operations.

Health Care Reform Act Taxes and Fees

Federal legislation imposed a moratorium on the health insurance industry tax for 2017 and 2019. The industry tax was assessed in 2018 and, under current law, will be imposed in 2020. The industry tax for the Company was $62,330,050 in 2018. Because this tax is not deductible for federal income tax purposes, it negatively impacted the Company's effective tax rate in 2018.

A. Accounting Practices

The financial statements of HealthSpring Life & Health Insurance Company, Inc. (the Company) are presented on the basis of accounting practices prescribed or permitted by the Texas Department of Insurance (the Department).

The Department recognizes only statutory accounting practices prescribed or permitted by the state of Texas for determining and reporting the financial condition and results of operations of a Health Maintenance Organization (HMO) for determining solvency under

Texas Insurance Law. The National Association of Insurance Commissioners' (the NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Texas. While the Department has adopted certain prescribed accounting practices that differ from those found in NAIC SAP, the Company's financials were not affected by those differences in 2018 or 2017.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the Department is shown below:

	SSAP #	F/S Page	F/S Line #	2018	2017
NET INCOME					
(1) State basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	$ 90,299,905	$ 32,828,905
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	$ 90,299,905	$ 32,828,905
SURPLUS					
(5) State basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	$ 562,745,751	$ 550,720,910
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:					
Receivable from parent & affiliates	-	-	-	-	(13,815,240)
(7) State Permitted Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
(8) Surplus per NAIC SAP (5-6-7=8)	XXX	XXX	XXX	$ 562,745,751	$ 564,536,150

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

The preparation of financial statements in conformity with NAIC SAP 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. The most significant item subject to estimates and assumptions is the actuarially determined medical claims liabilities included in the financial statements. Other significant estimates are the estimated risk adjustment payments receivable from CMS, certain amounts recorded related the Medicare Part D (Part D) program, and unpaid claims adjustment expenses.

The Company estimates claims payable and liabilities for incurred but unreported claims by utilizing historical claims data and actuarially determined data, and adjusting the data by trend factors. Because actuarial information is utilized to project future liabilities, it is reasonably possible that the estimated liability may be adjusted in future periods upon receipt of more current information.

C. Accounting Policies

Net premium income represents premiums collected on Medicare Advantage, Medicaid and from its members. Net premium income is due monthly from the Centers of Medicare and Medicaid Services (CMS), the Texas Health and Human Services Commission (HHSC) and from its members, and is recognized as revenue during the period in which the Company is obligated to provide services to members. Premiums collected in advance are deferred and recorded as advance payments.

Medicare Advantage: The Company's Medicare premium revenue is subject to adjustment based on the health risk of its members. This process for adjusting premiums is referred to as the CMS risk adjustment payment methodology. Under the risk adjustment payment methodology, managed care plans must capture, collect, and report diagnosis code information to CMS. After reviewing the respective submissions, CMS establishes the payments to Medicare plans generally at the beginning of the calendar year, and then adjusts premium levels on two separate occasions on a retroactive basis. The first retroactive risk premium adjustment for a given fiscal year generally occurs during the third quarter of such fiscal year. This initial settlement (the Initial CMS Settlement) represents the updating of risk scores for the current year based on the prior year's dates of service. CMS then issues a final retroactive risk premium adjustment settlement for the fiscal year in the following year (the Final CMS Settlement) based on the prior's dates of service. The Company estimates and records on a monthly basis both the Initial CMS Settlement and the Final CMS Settlement for the current CMS plan year. All such estimated amounts are periodically updated as necessary as additional diagnosis code information is reported to CMS and adjusted to actual amounts when the ultimate adjustment settlements are either received from CMS or the Company receives notification from CMS of such settlement amounts.

As a result of the variability of factors, including plan risk scores, that determine such estimations, the actual amount of CMS's retroactive risk premium settlement adjustments could be materially more or less than the Company's estimates. The Company's risk adjustment payments are subject to review and audit by CMS, which can potentially take several years to resolve completely. Any adjustment to net premium income and the related medical expense for risk-sharing arrangements with providers as a result of such review and audit would be recorded when estimable.

Medicare Part D: The Company provides prescription drug benefits pursuant to Medicare Advantage Part D. Prescription drug benefits under Medicare Advantage plans vary in terms of coverage levels and out-of-pocket costs for premiums, deductibles, and coinsurance. All Part D plans are required by law to offer either standard coverage or its actuarial equivalent (with out-of-pocket threshold and deductible amounts that do not exceed those of standard coverage). In addition to standard coverage plans, the Company offers supplemental benefits in excess of the standard coverage.

To participate in Part D, the Company is required to provide written bids to CMS, which among other items, includes the estimated costs of providing prescription drug benefits. Payments from CMS are based on these estimated costs. The monthly Part D payments the Company receives from CMS for Part D plans generally represent the Company's bid amount for providing insurance coverage, both standard and supplemental, and is recognized monthly as net premium income. The amount of CMS payments relating to the Part D standard coverage for MA-PD and PDP plans is subject to adjustment, positive or negative, based upon the application of risk corridors that compare the Company's prescription drug costs in its bids to CMS to the Company's actual prescription drug costs. Variances exceeding certain thresholds may result in CMS making additional payments to the Company or the Company's refunding to CMS a portion of the premium payments it previously received. The Company estimates and recognizes an adjustment to net premium income related to estimated risk corridor payments based upon its actual prescription drug cost for each reporting period as if the annual contract were to end at the end of each reporting period, in accordance with NAIC Interpretation No. 05-05, *Accounting for Revenues under Medicare Part D Coverage*. Risk corridor adjustments do not take into account estimated future prescription drug costs.

The Company recognizes net premium income for the Part D payments received from CMS for which it assumes risk. Certain Part D payments from CMS represent payments for claims the Company pays for which it assumes no risk. The Company accounts for these subsidies as amounts receivable relating to uninsured plans or liability for amounts held under uninsured plans on the balance sheet. The Company does not recognize premium income or hospital, medical, and pharmaceutical expenses for these subsidies as these amounts represent pass-through payments from CMS to fund deductibles, copayments, and other member benefits.

The Company recognizes prescription drug costs as incurred, net of rebates from drug companies. The Company has subcontracted the prescription drug claims administration to a third-party pharmacy benefit manager.

Medicaid experience rebate payable consists of estimates of amounts due under Medicaid contracts with the HHSC. These amounts are computed based on a percentage of Medicaid profits as defined in the contract with HHSC. The profitability computation includes premium revenue earned from the state less actual medical and administrative costs incurred and paid and less estimated unpaid claims payable for applicable membership. The unpaid claims payable estimates are based on historical payment patterns using actuarial techniques. A final settlement is generally made 334 days after the contract period ends using paid claims data and is subject to audit by HHSC any time thereafter. Any adjustment made to the experience rebate payable as a result of final settlement is included in current operations.

Cost of care that is paid on a fee-for-service basis, a per diem basis, or other basis includes actual reported claims and an estimate of incurred but not reported (IBNR) claims. IBNR claims are estimated by using historical trends, current membership statistics, and other information. Cost of care paid on a capitation basis is recognized in the month of coverage. Cost of pharmaceuticals is recognized in the month incurred.

Acquisition costs are certain marketing costs that vary with, and are primarily related to, the acquisition of member contracts. These costs are expensed as incurred and are included in general and administrative expenses in the accompanying statement of revenue and expenses.

In the normal course of business, the Company enters into transactions involving various types of financial instruments. These financial instruments primarily include bonds on the balance sheet. These instruments may change in value due to interest rate and market fluctuations and most also have credit risk. The Company evaluates and monitors each financial instrument individually. The Company did not have any off-balance sheet financial instruments as of December 31, 2018 and 2017.

Fair values of financial instruments are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price.

Cash and cash equivalents consist of cash and short-term investments that will mature in three months or less from the time of purchase.

Health premiums due and uncollected are recorded during the period the Company is obligated to provide services to members and do not bear interest. Balances greater than 90 days past due which are not reserved are included as non-admitted assets. Account balances are charged off after all means of collection have been exhausted and the potential for recovery is considered remote. Health premiums under government insured plans, including amounts over 90 days due that qualify as accident and health contracts in accordance with SSAP No. 50, *Classifications and Definitions of Insurance or Managed Care Contracts in Force*, are included in admitted assets.

When interest and principal payments on bonds are current, the Company recognizes interest income when it is earned. The Company stops recognizing interest income when interest payments are 90 days past due or when certain terms (interest rate or maturity date) of the bond have been restructured. Investment income on these bonds is only recognized when interest payments are received.

Investments and investment income due and accrued are evaluated in accordance with SSAP No. 5R, *Liabilities, Contingencies, and Impairments of Assets – Revised* (SSAP 5R), to determine whether impairment exists. Any amounts determined to be uncollectible are written off through the statutory basis statements of income. No amounts were written off during 2018 or 2017.

Unrealized capital gains and losses on investments carried at fair value are reflected directly in unassigned surplus. Realized capital gains and losses resulting from sales and investment asset write-downs are based on specifically identified assets and are recognized in net income. The Company had no write-downs of investment assets in 2018 or 2017.

The Company is included in the consolidated United States federal income tax return filed by Cigna. Pursuant to the Tax Sharing Agreement with Cigna, federal income taxes are allocated to the Company as if it were filing on a separate return basis. The tax benefit of net operating losses, capital losses, and tax credits are funded to the extent they reduce the consolidated federal income tax liability. The Company generally recognizes deferred income taxes when assets and liabilities have different values for financial statement and tax reporting purposes (temporary differences). Limitations of the admitted amount of the deferred tax asset are calculated in accordance with SSAP No. 101, *Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10* (SSAP 101). Additional detailed information about the Company's income taxes is disclosed in Note 9.

In accordance with various SSAP's, certain assets or certain portions of assets are excluded from the Company's admitted assets on its balance sheet through a direct charge to unassigned surplus. These nonadmitted assets may include intangible assets, capitalized software, furniture and equipment, leasehold improvements, unsecured receivables, prepaid expenses, overdue insurance premiums and subsidiary investments. Certain assets are limited by factors, such as a percentage of surplus, as to the amounts that qualify as admitted assets. Such assets may include electronic data processing equipment and deferred taxes.

The Company elected to use rounding in reporting certain amounts within the statement. The amounts in this statement pertain to the entire Company's business.

In addition, the Company uses the following accounting policies:

1. Investments with a maturity greater than three months but less than one year at the time of purchase are included in short-term investments and are carried at amortized cost.

2. Investments in bonds and short-term investments designated highest quality (NAIC-1) and high quality (NAIC-2) are carried at amortized cost. All others are carried at the lesser of cost or fair value. Amortization of bond premium or discount is calculated using the scientific (constant yield) interest method. Bonds containing call provisions are amortized to call value/date which produces the lowest asset value (yield to worst). Investments with original maturities of less than one year from the time of purchase are classified as short-term. Bonds are considered impaired and their cost basis is written down to fair value through net income, when management expects a decline in value to persist (i.e., the decline is other-than-temporary).

3. Common stocks – not applicable.

4. Preferred stocks – not applicable.

5. Mortgage loans – not applicable.

6. Loan-backed bonds and structured securities are stated at amortized cost using the constant yield method. Significant changes in estimated cash flows from the original purchase assumptions are accounted for generally using the retrospective method. Significant changes in estimated cash flows from the original purchase assumptions for loan-backed and structured securities that have potential for loss of a significant portion of the original investment are accounted for using the prospective method. These securities are presented on the balance sheet as bonds.

7. Investments in subsidiaries, controlled, and affiliated (SCA) entities – not applicable.

8. Investments in joint ventures, partnerships, and limited liabilities companies – not applicable.

9. Derivatives – not applicable.

10. Aggregate Policy Reserves: The Company includes an accrual for losses where it is probable that expected future health care costs and maintenance costs under a group of existing contracts will exceed anticipated future premiums and insurance recoveries on those contracts, known as Premium Deficiency Reserve (PDR). The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.

    The Affordable Care Act (ACA) requires health insurance issuers to submit data on the proportion of premium revenues spent on clinical services and quality improvement, also known as the Medical Loss Ratio (MLR). The Company includes an accrual for MLR rebates to enrollees if this percentage does not meet minimum standards.

11. Unpaid claims and claims adjustment expenses represent the Company's liability for services that have been performed by providers for members that have not been settled. These liabilities include medical claims reported to the Company, as well as an actuarially determined estimate of claims that have been incurred but not yet reported (IBNR) to the Company. The IBNR component is based upon the Company's historical claims data, current enrollment, health services utilization statistics and other related information. Estimating IBNR is complex and involves a significant amount of judgment. Changes in this estimate can materially affect, either

favorably or unfavorably, the Company's statement of revenues and expenses or overall financial position.

The Company develops its estimate for IBNR using standard actuarial development methodologies, including the completion factor method. This method estimates liabilities for claims based upon the historical lag between the month when services are rendered and the month claims are paid and takes into consideration factors such as expected medical cost inflation, seasonality patterns, product mix, and membership changes. The completion factor is a measure of how complete the claims paid to date are relative to the estimate of the total claims for services rendered for a given reporting period. Although the completion factors are generally reliable for older service periods, they are more volatile, and hence less reliable, for more recent periods, given that the typical billing lag for services can range from a week to as much as 90 days from the date of service. As a result, for the most recent two to four months, the estimate for incurred claims is developed by also considering recent per member per month claim trends.

Each period, the Company reexamines the previously established estimates of claims payable and liabilities for IBNR claims based on actual claim submissions and other relevant changes in facts and circumstances. As the estimated liabilities recorded in prior periods become more exact, the Company increases or decreases the amount of the estimates, and includes the changes in hospital, medical, and pharmaceutical expenses in the period in which the change is identified. Therefore, the Company's reported results include the effects of more completely developed estimates associated with prior years.

The Company contracts with physicians or provider groups to provide medical services to their members. The Company pays capitation or negotiated fees for defined services provided by the physicians. The Company and some of the physicians have entered into incentive sharing agreements. Under the terms of these agreements, certain providers are eligible to receive a provider bonus based on qualitative and quantitative factors. Incentive sharing balances are estimated using current experience to calculate the current receivable or payable for each contract. These estimates may be adjusted based on actual experience and contract terms. The incentive sharing receivables and payables are reported gross on the balance sheet. Incentive sharing receivables are admitted in accordance with SSAP No. 84, *Certain Health Care Receivables and Receivables Under Government Insured Plans*.

Included in hospital, medical, and pharmaceutical expenses are claim payments, capitation payments, risk-sharing payments, and pharmacy costs, net of rebates, as well as estimates of future payments of claims provided for services rendered prior to year-end. Capitation payments represent monthly contractual fees disbursed to physicians and other providers who are responsible for providing medical care to members. Risk sharing payments represent amounts paid under risk sharing arrangements with providers including independent physician associations. Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Rebates are recognized when the rebates are earned according to the contractual arrangements with the respective vendors.

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

13. Pharmacy rebate receivables consist of reasonably estimable amounts, based upon utilization data and past history, and billed amounts to pharmaceutical companies. In accordance with SSAP No. 84, *Health Care Receivables and Government Insured Plan Receivables,* pharmacy rebate receivables are included as Healthcare Receivables on the statutory basis statements of admitted assets, liabilities, and capital and surplus. The income from pharmacy rebates is reported as a reduction of claims expense in the statutory basis statements of income. Generally, rebate amounts are invoiced within fifteen days after each quarter-end and settled within 60 days of the invoice date. Pharmaceutical rebates billed or confirmed but uncollected less than 90 days of invoice or confirmed date have been admitted.

14. Claims overpayment receivables invoiced and expected to be collected within 90 days of invoice date have been admitted.

15. Effective January 1, 2014, the Company adopted SSAP No. 106, *Affordable Care Act Assessments*, for the annual health insurance industry fee imposed under Section 9010 of the Affordable Care Act (ACA). Refer to Note 1, Health Care Reform Act

Taxes and Fees, for additional information about this fee and the estimated financial impact to the Company.

D. Going Concern - not applicable.

2. Accounting Changes and Corrections of Errors

A. Material Changes in Accounting Principles and/or Correction of Errors

Changes in Accounting Principles – none.

Corrections of Errors – none.

3. Business Combinations and Goodwill

A. Statutory Purchase Method – not applicable.

B. Statutory Merger

1. Effective January 31, 2018, the Company and HealthSpring of Alabama, Inc. (HSAL), an Alabama domiciled insurance company, were merged with the Company becoming the surviving entity.

   Effective February 28, 2018, the Company and HealthSpring of Tennessee, Inc. (HSTN), a Tennessee domiciled insurance company, were merged with the Company becoming the surviving entity.

2. The transactions were accounted for as a statutory merger between entities under common control. Assets and liabilities transferred between entities under common control are accounted for at historical cost.

3. Each share of capital stock of HSAL (no par value) and HSTN ($5 par value per share), whether issued, outstanding or held in treasury, was canceled upon the effectiveness of the merger. The outstanding capital stock of HSLH as of December 31, 2018, consists of 2,500,000 shares of common stock ($1 par value per share).

4. As the mergers were effective on or before March 31, 2018, the pre-merger revenue, net income, and surplus and surplus adjustments for HSAL, HSTN and the Company are not presented. The accompanying financial statements were adjusted to include the financial position, operating results and cash flows of HSAL and HSTN for all periods presented.

   In accordance with SSAP No. 68, *Business Combinations and Goodwill,* amounts in the statutory financial statements and accompanying notes have been restated as if the merger had occurred January 1, 2017. The merger resulted in an increase in unassigned surplus of $195,614,091 as of December 31, 2017.

5. No adjustments were made directly to surplus as all companies prepared statutory basis financial statements previously.

C. Assumption Reinsurance – not applicable.

D. Impairment Loss – not applicable.

4. Discontinued Operations

A. Discontinued Operation Disposed of or Classified as Held for Sale – not applicable.

B. Change in Plan of Sale of Discontinued Operation – not applicable.

C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal – not applicable.

D. Equity Interest Retained in the Discontinued Operation After Disposal – not applicable.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans – not applicable.

B. Debt Restructuring – not applicable.

C. Reverse Mortgages – not applicable.

D. Loan-Backed Securities

1. Prepayment assumptions for loan-backed securities and other structured securities were obtained from external financial data sources. These assumptions are consistent with the current interest rate and economic environment.

2. The Company had no loan-backed and structured securities with recognized other-than-temporary impairments where the Company had the intent to sell or does not have the intent and ability to retain the investment for a period of time sufficient to recover the amortized cost basis as of December 31, 2018.

3. The Company had no loan-backed and structured securities with recognized other-than-temporary impairments where the present value of cash flow expected to be collected is less than the amortized cost basis as of December 31, 2018.

4. As of December 31, 2018, loan-backed and structured securities with a decline in fair value from amortized cost were as follows, including the length of time of such decline:

a. The aggregate amount of unrealized losses:		
1. Less than 12 months:	$	2,361
2. 12 months or longer:	$	124
b. The aggregate related fair value of securities with unrealized losses:		
1. Less than 12 months:	$	441,056
2. 12 months or longer:	$	21,461

5. Management reviews loan-backed and other structured securities with a decline in fair value from cost for impairment based on criteria that include:

- Length of time and severity of decline.
- Financial and specific near term prospects of the issuer.
- Changes in the regulatory, economic or general market environment of the issuer's industry or geographic region.
- The Company's intent to sell or the inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost.

Based on this review, management believes the unrealized depreciation on loan-backed securities to be temporary and, therefore, has not impaired these amounts.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions – not applicable.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing – not applicable.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – not applicable.

H. Repurchase Agreements Transactions Accounted for as a Sale – not applicable.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale – not applicable.

J. Real Estate – not applicable.

K. Investments in Low Income Housing Tax Credits – not applicable.

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

The Company has restricted assets on deposit with various regulatory agencies for the projection or benefit of enrolled members at December 31, 2018 and 2017. These amounts are reflected as bonds in the accompanying Balance Sheets. The following table presents the restricted assets as a percentage of total gross assets and total admitted assets.

Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Curent Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Admitted Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	$ -	$ -	$ -	$ -	$ -	-	-
b. Collateral held under security lending agreements	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-
j. On deposit with states	16,350,387	16,479,005	(128,618)	-	16,350,387	1.5%	1.5%
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
o. Total Restricted Assets	$ 16,350,387	$ 16,479,005	$ (128,618)	$ -	$ 16,350,387	1.5%	1.5%

(a) Column 1 divided by Asset Page, Column 1, Line 28
(b) Column 5 divided by Asset Page, Column 3, Line 28

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

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate) – not applicable.

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements – not applicable.

M. Working Capital Finance Investments – none.

N. Offsetting and Netting of Assets and Liabilities – none.

O. Structured Notes – none.

P. 5* Securities – none.

Q. Short Sales – none.

R. Prepayment Penalty and Acceleration Fees

(In whole dollars)	General Account	Separate Account
(1) Number of CUSIPs	6	-
(2) Aggregate amount of investment income	$ 942,436	$ -

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Investments in Joint Ventures, Partnerships and Limited Liability Companies – not applicable.

B. Impaired Investments in Joint Ventures, Partnerships and Limited Liability Companies – not applicable.

7. Investment Income

A. Any investment income due and accrued with amounts that are over 90 days past due are nonadmitted and excluded from surplus.

B. As of December 31, 2018 and 2017, the Company had no investment income due and accrued with admitted amounts that are over 90 days past due.

8. Derivative Instruments

A. Market Risk, Credit Risk, and Cash Requirements for Derivatives – not applicable.

B. Objectives for the Use of Derivatives – not applicable.

C. Description of Accounting Policies for Derivatives – not applicable.

D. Identification of Contracts with Financing Premiums- not applicable.

E & F. Net Gain or Loss from Derivatives – not applicable.

G. Cash Flow Hedges – not applicable.

H. Disclosure of non-discounted premium and premium cost- not applicable.

9. Income Taxes

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

1. Components of net admitted deferred tax assets.

	December 31, 2018		
	Ordinary	Capital	Total
Gross deferred tax assets	$ 10,070,509	$ 478,422	$ 10,548,931
Statutory valuation allowance	-	-	-
Adjusted gross deferred tax assets	10,070,509	478,422	10,548,931
Deferred tax asset non-admitted	-	478,138	478,138
Net deferred tax assets	10,070,509	284	10,070,793
Deferred tax liability	1,178,167	-	1,178,167
Net admitted deferred tax assets	$ 8,892,342	$ 284	$ 8,892,626

	December 31, 2017		
	Ordinary	Capital	Total
Gross deferred tax assets	$ 13,179,021	$ 207,053	$ 13,386,074
Statutory valuation allowance	-	-	-
Adjusted gross deferred tax assets	13,179,021	207,053	13,386,074
Deferred tax asset non-admitted	-	138,807	138,807
Net deferred tax assets	13,179,021	68,246	13,247,267
Deferred tax liability	2,642,267	-	2,642,267
Net admitted deferred tax assets	$ 10,536,754	$ 68,246	$ 10,605,000

	Change		
	Ordinary	Capital	Total
Gross deferred tax assets	$ (3,108,512)	$ 271,369	$ (2,837,143)
Statutory valuation allowance	-	-	-
Adjusted gross deferred tax assets	(3,108,512)	271,369	(2,837,143)
Deferred tax asset non-admitted	-	339,331	339,331
Net deferred tax assets	(3,108,512)	(67,962)	(3,176,474)
Deferred tax liability	(1,464,100)	-	(1,464,100)
Net admitted deferred tax assets	$ (1,644,412)	$ (67,962)	$ (1,712,374)

2. Admission Calculation Components per SSAP 101 (¶11.a.-¶11.c)

		December 31, 2018		
		Ordinary	Capital	Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	$ 9,853,992	$ 284	$ 9,854,276
(b)	Admitted gross DTAs expected to be realized (excluding the amount of DTAs from2(a) above) after application of the threshold limitations (The lesser of 2(b)1 and 2(b)2 below)	85,598	–	85,598
	1. Adjusted gross DTAs expected to be realized following the balance sheet date	85,598		85,598
	2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	83,077,969
(c)	Adjusted Gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	130,919	–	130,919
(d)	DTAs admitted as a result of application of SSAP No. 101	–	–	–
	Total 2(a) + 2(b) + 2 (c)	$ 10,070,509	$ 284	$ 10,070,793

		December 31, 2017		
		Ordinary	Capital	Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	$ 5,207,886	$ 54,022	$ 5,261,908
(b)	Admitted gross DTAs expected to be realized (excluding the amount of DTAs from2(a) above) after application of the threshold limitations (The lesser of 2(b)1 and 2(b)2 below)	7,763,466	14,224	7,777,690
	1. Adjusted gross DTAs expected to be realized following the balance sheet date	7,763,466	14,224	7,777,690
	2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	81,017,386
(c)	Adjusted Gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	207,669	–	207,669
(d)	DTAs admitted as a result of application of SSAP No. 101	–	–	–
	Total 2(a) + 2(b) + 2 (c)	$ 13,179,021	$ 68,246	$ 13,247,267

		Change		
		Ordinary	Capital	Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	$ 4,646,106	$ (53,738)	$ 4,592,368
(b)	Admitted gross DTAs expected to be realized (excluding the amount of DTAs from2(a) above) after application of the threshold limitations (The lesser of 2(b)1 and 2(b)2 below)	(7,677,868)	(14,224)	(7,692,092)
	1. Adjusted gross DTAs expected to be realized following the balance sheet date	(7,677,868)	(14,224)	(7,692,092)
	2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	2,060,583
(c)	Adjusted Gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	(76,750)	–	(76,750)
(d)	DTAs admitted as a result of application of SSAP No. 101	–	–	–
	Total 2(a) + 2(b) + 2 (c)	$ (3,108,512)	$ (67,962)	$ (3,176,474)

3. Information for Recovery Period and Threshold Limitation (¶11.b)

	2018	2017
Ratio percentage used to determine recovery period and threshold limitation amount	417%	414%
Amount of Adjusted Capital and Surplus used to determine recovery period and threshold limitation in paragraph 11.b.	$ 553,853,125	$ 540,115,910

4. Impact of Tax-Planning Strategies

	December 31, 2018		December 31, 2017		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
(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)	$ 10,070,509	$ 478,422	$ 13,179,021	$ 207,053	$ (3,108,512)	$ 271,369
2. Percentage of Adjusted Gross DTAs by Tax Character Attributable to the Impact of Tax Planning Strategies	0.00%	0.00%	0.00%	6.87%	0.00%	-6.87%
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1 (e)	10,070,509	284	13,179,021	68,246	$ (3,108,512)	$ (67,962)
4. Percentage of Net Admitted Adjusted Gross DTAs by Tax Character Admitted because of the Impact of Tax Planning Strategies	0.00%	0.00%	0.00%	20.84%	0.00%	-20.84%

B. Temporary differences for which a DTL has not been established:

All deferred tax liabilities have been properly recognized.

C. Significant components of income taxes incurred

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

	December 31, 2018	December 31, 2017	Change
(a) Federal	$ 35,446,601	$ 21,409,781	$ 14,036,820
(b) Foreign	–	–	–
(c) Subtotal	35,446,601	21,409,781	14,036,820
(d) Federal income tax on net capital gains	(28,069)	308,418	(336,487)
(e) Utilization of capital loss carry-forwards	–	–	–
(f) Other	–	–	–
(g) Federal and foreign income taxes incurred	$ 35,418,532	$ 21,718,199	$ 13,700,333

2. Deferred Tax Assets Resulting From Book/Tax Differences

	December 31, 2018	December 31, 2017	Change
(a) Ordinary			
(1) Discounting of unpaid losses	$ 1,139,814	$ 827,960	$ 311,854
(2) Unearned premium reserve	2,772	5,964	(3,192)
(3) Policyholder reserves	–	–	–
(4) Investments	–	–	–
(5) Deferred acquisition costs	–	–	–
(6) Policyholder dividends accrual	–	–	–
(7) Fixed assets	–	–	–
(8) Compensation and benefits accrual	–	–	–
(9) Pension accrual	–	–	–
(10) Receivables - nonadmitted	3,120,136	4,160,301	(1,040,165)
(11) Net operating loss carry forward	8,848	13,272	(4,424)
(12) Tax credit carry forward	–	–	–
(13) Other	–	–	–
(14) Deferred gain related to intangibles	361,172	439,109	(77,937)
(15) Allowance for doubtful accounts	–	–	–
(16) Premium deficiency reserve	5,428,813	5,471,616	(42,803)
(17) Nondeductible liabilities	–	2,245,794	(2,245,794)
(18) Guarantee fund liability	8,954	15,005	(6,051)
(99) Subtotal	$ 10,070,509	$ 13,179,021	$ (3,108,512)
(b) Statutory valuation allowance adjustment	–	–	–
(c) Nonadmitted	–	–	–
(d) Admitted ordinary DTAs (2a99 - 2b - 2c)	$ 10,070,509	$ 13,179,021	$ (3,108,512)
(e) Capital			
(1) Investments	478,422	207,053	271,369
(2) Net capital loss carry-forward	–	–	–
(3) Real estate	–	–	–
(4) Other	–	–	–
(99) Subtotal	$ 478,422	$ 207,053	$ 271,369
(f) Statutory valuation allowance adjustment	–	–	–
(g) Nonadmitted	478,138	138,807	339,331
(h) Admitted capital DTAs (2a99 - 2f - 2g)	$ 284	$ 68,246	$ (67,962)
(i) Admitted DTAs (2d + 2h)	$ 10,070,793	$ 13,247,267	$ (3,176,474)

3. Deferred Tax Liabilities Resulting From Book/Tax Differences

	December 31, 2018	December 31, 2017	Change
(a) Ordinary			
(1) Investments	$ 506,832	$ 337,998	$ 168,834
(2) Fixed assets	–	–	–
(3) Deferred and uncollected premium	–	–	–
(4) Policyholder reserves	–	–	–
(5) Other	144,152	–	144,152
(6) Deferred intercompany gain	–	1,920,782	(1,920,782)
(7) Pharmacy rebates	–	–	–
(8) Other ins & contract holder liability	–	–	–
(9) Section 481 adjustment	–	–	–
(10) Discounting of unpaid losses	478,985	335,289	143,696
(11) Guarantee fund receivable	48,198	48,198	–
(99) Subtotal	$ 1,178,167	$ 2,642,267	$ (1,464,100)
(b) Capital:			
(1) Investments	–	–	–
(2) Real estate	–	–	–
(3) Other	–	–	–
(99) Subtotal	$ -	$ -	$ -
(c) Deferred tax liabilities (3a99 + 3b99)	$ 1,178,167	$ 2,642,267	$ (1,464,100)

4. Net Deferred Tax Assets/(Liabilities)

Net deferred tax assets/(liabilities) (2i - 3c)	$ 8,892,626	$ 10,605,000	$ (1,712,374)

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 the surplus section of the Annual Statement):

	December 31, 2018	December 31, 2017	Change
Total gross deferred tax assets	$ 10,548,931	$ 13,386,074	$ (2,837,143)
Total deferred tax liabilities	1,178,167	2,642,267	(1,464,100)
Net adjusted deferred tax asset	9,370,764	10,743,807	(1,373,043)
Statutory valuation allowance	–	–	–
Net deferred tax asset after statutory valuation allowance	$ 9,370,764	$ 10,743,807	$ (1,373,043)
Tax effect of unrealized gains and losses			(339,331)
Change in deferred income tax			$ (1,712,374)

D. Reconciliation of total statutory income taxes reported to tax at statutory rate

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes including realized capital gains/losses. The significant items causing this difference are as follows:

		December 31, 2018	Effective Tax Rate
Current income taxes incurred	$	35,418,532	28.17%
Change in deferred income tax			
(without tax on unrealized gains and losses)		1,712,374	1.36%
Total income tax reported	$	37,130,906	29.53%
Income before taxes		125,718,437	
		21%	
Expected tax expense at 21% statutory rate	$	26,400,872	21.00%
Increase (decrease) in actual tax reported resulting from:			
Meals and entertainment		2,322	0.00%
Investment income		(29,291)	-0.02%
Change in nonadmitted assets		1,040,165	0.83%
Health insurance industry fee		13,089,311	10.41%
Intangibles and Amortization		(1,920,782)	-1.53%
Tax Reform Impact		(1,483,949)	-1.18%
Other		32,258	0.02%
Total income tax reported	$	37,130,906	29.53%

On December 22, 2017, the president signed into law H.R. 1/Public Law 115-97, commonly known as the Tax Cuts and Jobs Act (the "Act"). The Act is highlighted by a reduction in the corporate income tax rate from the current 35% to 21% effective January 1, 2018. The remaining provisions of the law, most of which take effect on January 1, 2018, have not had a material impact on the Company's results of operations. Deferred income tax balances as of December 31, 2017 have been adjusted to reflect the reduced statutory tax rate that took effect as of January 1, 2018 pursuant to the Act. The tax reform impact amount disclosed in the above table represents the final revaluation of the gross deferred tax assets and liabilities to reflect the reduction in the corporate tax before consideration of admissibility.

E. Carryforwards, recoverable taxes, and IRC Sec. 6603 deposits:

(1) At December 31, 2018, the Company has not utilized all of its net operating or capital loss carry forwards. The total cumulative balance of the net operating loss is $42,132.

(2) Income taxes, ordinary and capital, available for recoupment in the event of future losses include:

Year		Ordinary	Capital
2018	$	39,156,474	—
2017	$	—	138,031
2016		N/A	6,429

(3) Deposits under IRS Code Section 6603 – not applicable

F. Federal or Foreign Income Tax Loss Contingencies

(1) The statute of limitations for Cigna's consolidated income tax returns through 2014 have closed, and there are no pending examinations. Cigna has filed an amended 2014 consolidated tax return and the pending refund is subject to Internal Revenue Service (IRS) review. The IRS has examined ESI's tax returns for 2010 through 2012 for which there is a significant disputed tax matter, and currently under examination for 2013 through 2015. No material impacts are anticipated for the Company.

(2) In Management's opinion, the Company has adequate tax liabilities to address potential exposures involving tax positions the Company has taken that may be challenged by the IRS upon audit. These liabilities could be revised in the near term if estimates of Cigna's ultimate liability change as a result of new developments or a change in circumstances. No material contingent tax liability is included in the Company's current federal income tax payable. The Company does not expect a significant increase in federal or foreign contingent tax liability within the next twelve months.

G. Consolidated Federal Income Tax Return

The Company's Federal Income Tax return is consolidated with Cigna and the following subsidiaries of Cigna:

Accredo Health Group, Inc.
Accredo Health, Inc.
AHG of New York, Inc.
Allegiance Benefit Plan Management Inc
Allegiance Cobra Services Inc
Allegiance Life & Health Insurance Co
Allegiance Re Inc
American Retirement Life Insurance Company
Arizona Healthplan Inc
Benefit Management Corp
BioPartners in Care, Inc.
Bravo Health Mid-Atlantic, Inc.
Bravo Health Pennsylvania, Inc.
Brighter, Inc.
Care Continuum, Inc.
CareAllies, Inc.
CG Individual Tax Benefit Payments Inc
CG Life Pension Benefit Payments Inc
CG LINA Pension Benefit Payments Inc
Cigna Arbor Life Insurance Company
Cigna Behavioral Health Inc
Cigna Behavioral Health of California Inc
Cigna Behavioral Health of Texas
Cigna Benefit Technology Solutions, Inc.
Cigna Benefits Financing, Inc.
Cigna Dental Health Inc
Cigna Dental Health of California Inc
Cigna Dental Health of Colorado Inc
Cigna Dental Health of Delaware Inc
Cigna Dental Health of Florida Inc
Cigna Dental Health of Illinois Inc
Cigna Dental Health of Kansas Inc
Cigna Dental Health of Kentucky Inc
Cigna Dental Health of Maryland Inc
Cigna Dental Health of Missouri Inc
Cigna Dental Health of New Jersey Inc
Cigna Dental Health of North Carolina Inc
Cigna Dental Health of Ohio Inc
Cigna Dental Health of Pennsylvania Inc
Cigna Dental Health of Texas Inc
Cigna Dental Health of Virginia Inc
Cigna Dental Healthplan of Arizona Inc
Cigna Direct Marketing Company Inc.
Cigna Federal Benefits Inc
Cigna Global Holdings Inc
Cigna Global Insurance Compay Limited
Cigna Global Reinsurance Company LTD
Cigna Health and Life Insurance Company
Cigna Health Corporation
Cigna Health Management Inc
Cigna Healthcare Benefits Inc
Cigna Healthcare Holdings Inc
Cigna Healthcare Inc
Cigna Healthcare Mid-Atlantic Inc
Cigna Healthcare of Arizona Inc
Cigna Healthcare of California Inc
Cigna Healthcare of Colorado Inc
Cigna Healthcare of Connecticut Inc
Cigna Healthcare of Florida Inc
Cigna Healthcare of Georgia Inc
Cigna Healthcare of Illinois Inc
Cigna Healthcare of Indiana Inc
Cigna Healthcare of Maine Inc
Cigna Healthcare of Massachusetts Inc
Cigna Healthcare of New Hampshire Inc
Cigna Healthcare of New Jersey Inc
Cigna Healthcare of North Carolina Inc
Cigna Healthcare of Pennsylvania Inc
Cigna Healthcare of South Carolina
Cigna Healthcare of St Louis Inc
Cigna Healthcare of Tennessee Inc
Cigna Healthcare of Texas Inc
Cigna Healthcare of Utah Inc
Cigna Holding Company
Cigna Holdings Inc
Cigna Holdings Overseas Inc
Cigna Integrated Care Inc
Cigna Intellectual Property Inc
Cigna International Corporation
Cigna International Finance Inc
Cigna International Services Inc
Cigna Investment Group Inc
Cigna Investments Inc
Cigna Life Insurance Company of New York
Cigna Linden Holdings Inc
Cigna Managed Care Benefits Company
Cigna National Health Insurance Company
Cigna Poplar Holdings Inc
Cigna RE Corporation
Cigna Resource Manager Inc
Cigna Worldwide Insurance Company
Connecticut General Benefit Payments Inc.
Connecticut General Corporation
Connecticut General Life Insurance Company
Curascript, Inc.
Diversified NY IPA, Inc.
Diversified Pharmaceutical Services, Inc.
ESI GP Holdings, Inc.
ESI Mail Order Processing, Inc.
ESI Mail Pharmacy Service, Inc.
eviCore 1, Inc.
eviCore 2, Inc.
eviCore 3, Inc.
eviCore 4, Inc.
Express Reinsurance Company
Express Scripts Administrators, LLC
Express Scripts Canada Holding Company
Express Scripts Holding Company, Inc.
Express Scripts Pharmaceutical Procurement, LLC
Express Scripts Pharmacy, Inc.
Express Scripts Sales Operations, Inc.
Express Scripts Senior Care Holdings, Inc.
Express Scripts Senior Care, Inc.
Express Scripts Services Company, Inc.
Express Scripts Specialty Distribution Services, Inc.
Express Scripts Strategic Development, Inc.
Express Scripts Utilization Management, Inc.
Express Scripts, Inc.
Former Cigna Investments Inc
Freco, Inc.
GreatWest Healthcare of Illinois Inc
Hazard Center Investment Co LLC
Healthbridge Reimbursement & Product Support, Inc.
Healthbridge, Inc.
Healthsource Benefits Inc
Healthsource Inc
Healthsource Properties Inc
Healthspring Life & Health Insurance Company
Healthspring of Florida, Inc.
Healthspring, Inc.
IHN Inc.
Intermountain Underwriters Inc
Kronos Optimal Health Company
Life Ins Co of North America
LINA Benefit Payments Inc
Loyal American Life Insurance Company
Lynnfield Compounding Center, Inc.
Lynnfield Drug, Inc.
MAH Pharmacy, LLC
Managed Care Consultants Inc
Matrix Healthcare Services, Inc.
MCC Independent Practice Assoc of New York Inc
Medco Containment Insurance Company of New York
Medco Containment Life Insurance Company
Medco Health Puerto Rico, LLC
Medco Health Services, Inc.
Medco Health Solutions, Inc.
Medco of Willingboro Urban Renewal, LLC
Mediversal Inc
Oz Parent, Inc.
Priority Healthcare Corporation
Priority Healthcare Distribution, Inc.
Provident American Life and Health Insurance Company
QUALCARE ALLIANCE NETWORKS, INC.
QUALCARE CAPTIVE INSURANCE COMPANY INC., PCC
QUALCARE, INC.
Sagamore Health Network Inc
SCIBAL ASSOCIATES, INC.
Spectracare Health Care Ventures, Inc.
SpectraCare, Inc.
Tel-Drug Inc
UBC Late Stage, Inc.
United Benefit Life Insurance Company
United BioSource Patient Solutions, Inc.
Universal Claims Administration

10. Information Concerning Parent, Subsidiaries and Affiliates

A. B. and C.

As of December 31, 2018, the Company paid $79,900,000 in extraordinary dividends to NewQuest, LLC (the Parent). No dividends were paid in 2017. No capital contributions were received in 2018 or 2017.

The Company has entered into a line of credit agreement with Cigna under which the Company may lend up to $30,000,000. The following table provides information about the loan as of December 31, 2018 and 2017.

		2018		2017
Outstanding receivable balance	$	–	$	–
Outstanding interest receivable		–		–
Interest income		1,858		–
Average yearly interest rate		2.2300%		0.0000%

The Company has entered into a line of credit agreement with Cigna Holdings, Inc. under which the Company may borrow up to $30,000,000. The following table provides information about the borrowing as of December 31, 2018 and 2017.

		2018		2017
Outstanding payable balance	$	–	$	–
Outstanding interest payable		–		–
Interest expense		–		12,926
Average yearly interest rate		2.3780%		1.2183%

D. At December 31, 2018 and 2017, respectively, the Company reported $71,220,924 as net amount due to and $92,325,583 as the net amounts due from the parent, subsidiaries and affiliates. These amounts are settled periodically, usually monthly.

E. Guarantees Resulting in a Material Contingent Exposure – not applicable.

F. Management Services Agreement

Fee Sharing Agreement (the Agreement) - Several of Cigna's subsidiaries are subject to the Health Insurance Providers Fee, "the Fee", which is imposed on each covered entity engaged in the business of providing health insurance for any United States health risk. Such entities, along with Cigna, are collectively treated as a single "covered entity" as that term is defined in Section 9010(c) and Treas. Reg. § 57.2(b). By entering into this Agreement, each Party has consented to select Cigna as its "designated entity" for the payment of this Fee. The Agreement allows Cigna to pay each year to the Treasury the Fee owed collectively by all covered entities in the group, and to perform all necessary and appropriate actions that may be required to fulfill Cigna's responsibilities as the designated entity. This Agreement further allows Cigna to delegate to a wholly owned subsidiary the authority to perform these actions on Cigna's behalf. For financial management and reporting purposes, Cigna and the Parties will allocate the Fee for each Fee Year among the Parties in proportion to estimates of each Party's Premiums for that Fee Year. This Agreement was submitted for Department approval/non-disapproval, and the Company's participation in the Agreement became effective on August 11, 2014.

The Company has contracted for managerial, administrative, and financial support services through an administrative service contract based on a percentage of premium revenue with HealthSpring Management of America, LLC (HSMA). The Company paid approximately $516,676,358 and $235,467,501 in 2018 and 2017, respectively, in exchange for these services. In 2017 the Company also paid $200,148,148 and $80,225,499 to affiliated companies for similar services for HSTN and HSAL, respectively. Under the same agreement, the Company contracted with HSMA to provide disease management services related to the implementation and operation of the Internal Disease Management Program. The Company paid approximately $56,380,122 and $50,619,339 in 2018 and 2017, respectively.

The Company has contracted with Cigna Investment, Inc. (CII) for investment advisory services. The Company and CII are indirect subsidiaries of Cigna Holdings, Inc., which is a direct wholly-owned subsidiary of Cigna. The Company paid $1,161,531 and $1,188,362 in 2018 and 2017, respectively, for these services.

Cigna's indirectly wholly-owned domestic subsidiary insurance companies have entered into a Consolidated Federal Income Tax Agreement (Tax Agreement), which became effective as of April 1, 1982. The Agreement sets forth the method of allocation of federal income taxes for Cigna and its wholly-owned domestic subsidiaries, including insurance subsidiaries. The Agreement provides for immediate reimbursement to companies with net operating losses to the extent that their losses are used to reduce consolidated taxable income; while those companies with current taxable income as calculated under federal separate return provisions, are liable for payment determined as if they had each filed a separate return. However, current credit is given for any foreign tax credit, operating loss or investment tax credit carryovers actually used in the current consolidated return. The Company participates as a party to the agreement and had $227,600 and $33,147,421 recoverable under the agreement as of December 31, 2018 and 2017, respectively.

The Company is a party to an Expense Sharing Agreement between Cigna and various affiliates and subsidiaries. With the exception of a limited number of expenses held at the corporate level such as expenses relating to investments, the servicing of debt, and stock compensation as calculated under SFAS No. 123R, all operating expenses of Cigna were allocated. These allocations were based on work effort studies and other appropriate methods, while other expenses such as outside legal fees were directly charged to the related company. Cigna did not allocate any corporate overhead expenses to the Company in 2018 or 2017.

The Company, CII and certain of its affiliates are parties to an investment pool agreement which provides for participation in a pool of short-term investments to facilitate effective cash management. There are no fees separately assessed related to this agreement.

The Company is party to the Network Access Agreement, as amended, entered into among health plan subsidiaries of Cigna Corporation and Connecticut General Life Insurance Company (CGLIC). The purpose of the agreement is to allow parties to access provider networks of CGLIC and other health plan affiliates that are also a party to the agreement. The Company's participation in the agreement was approved by the Department. As the Company is not currently utilizing the Network Access Agreement, there are no fees assessed related to this agreement.

The Company is party to the Intercompany Services Agreement by and among Connecticut General Life Insurance Company, Cigna Health Corporation on behalf of its health plan subsidiaries, and Cigna Health Management, Inc. for the provision of administrative services from Cigna Health Management, Inc. including the Health Information Line service for which the Company pays a capitated fee per member per month for claims related to such service. This agreement was approved by and remains on file with the Department.

The Company entered into the Pharmacy Rebate Affiliate Agreement amongst affiliates for the allocation or rebate payments received pursuant to agreements with drug manufacturers in connection with its Medicare Advantage Part D business.

G. Ownership

All outstanding shares of the Company are owned by NewQuest, LLC, a limited liability company domiciled in the state of Texas, which is a wholly owned subsidiary of HealthSpring, Inc., a Delaware corporation, which is an indirect wholly-owned subsidiary of Cigna. The Cigna organizational structure is documented in Schedule Y.

H. Upstream Intermediate Entity – not applicable.

I. Investment in SCA Entity that Exceeds 10% of Admitted Assets – not applicable.

J. Investments in Impaired SCA's – not applicable.

K. Investments in Foreign Insurance Subsidiaries – not applicable.

L. Investment in a Downstream Non-Insurance Holding Company – not applicable.

M. Investment in SCA – not applicable.

N. Investment in Insurance – not applicable.

O. SCA Loss Tracking- not applicable.

11. Debt

A. Debt and Capital Notes

The Company had no capital notes outstanding at December 31, 2018 and 2017.

The Company had no external borrowed money outstanding at December 31, 2018 and 2017.

The Company has entered into a line of credit agreement with Cigna Holdings, Inc. under which the Company may borrow up to $30,000,000. The following table provides information about the borrowing as of December 31, 2018 and 2017.

	2018	2017
Outstanding payable balance	$ –	$ –
Outstanding interest payable	–	–
Interest expense	–	12,926
Average yearly interest rate	2.3780%	1.2183%

B. FHLB Agreements – not applicable.

12. Retirement Plans, Deferred Compensation, Post-Employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan – not applicable.

B. Investment Policies and Strategies for Plan Assets – not applicable.

C. Fair Value Measurement of Plan Assets – not applicable.

D. Rate of Return on Plan Assets – not applicable.

E. Defined Contribution Plan – not applicable.

F. Multi-Employer Plan – not applicable.

G. Consolidated/Holding Company Plans – not applicable.

H. Postemployment Benefits and Compensated Absences – not applicable.

I. Impact of Medicare Modernization Act on Postretirement Benefits – not applicable.

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

1. The Company has 5,000,000 shares authorized, 2,500,000 shares issued and outstanding of $1 par value Common Stock, owned entirely by NewQuest, LLC.

2. The Company has no preferred stock outstanding.

3. The payment of dividends by the Company to the shareholder is limited and can only be made from earned profits unless prior approval is received from the Department. The maximum amount of dividends that may be paid by insurance companies without prior approval is also subject to restrictions relating to statutory surplus and net income. The maximum ordinary dividend distribution allowed by the Company is $90,299,905 in 2019. The Company's dividends are noncumulative.

4. As of December 31, 2018, the Company paid $79,900,000 in extraordinary dividends to NewQuest, LLC (the Parent). No dividends were paid in 2017.

5. Within the limits of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

6. Restrictions on Unassigned Surplus – none.

7. For Mutual Companies, Advances to Surplus Not Repaid – not applicable.

8. Stock Held by the Company, Including Stock of Affiliated Companies – not applicable.

9. Special Surplus Funds – Federal legislation imposed a moratorium on the health insurance industry tax for 2017 and 2019. The industry tax was assessed in 2018 and, under current law, will be imposed in 2020. The Company had changes in the balance of the special surplus funds from the prior year due to the ACA insurer fee segregated surplus requirement of $(65,637,894) in 2018 and $65,637,894 in 2017.

10. Cumulative Unrealized Gains and Losses in Surplus – Unassigned surplus was reduced/increased by cumulative net unrealized investment losses of $1,276,529 and $741,387 at December 31, 2018 and 2017, respectively.

11. Surplus Note

The Company issued the following surplus note:

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal	Date of Maturity
2/21/1995	Prime + 1%	$900,000	$900,000	$0	$0	$0	n/a

The Company has a $900,000 surplus note payable (Note) to its Parent, which is non-interest bearing and has no stated maturity date. No payment of principal may be made on the Note unless and until the Company has sufficient realized capital and surplus to make such payments. Payment of principal on the Note is subject to prior written approval of the Insurance Commissioner of the State of Tennessee, and is subordinate to all other liabilities of the Company. The surplus note is non-callable by its Parent. The Company did not accrue or pay any interest during 2018 and 2017 as regulatory approval was not sought or obtained.

12. Quasi-Reorganization – not applicable.

13. Date of a Quasi –Reorganization – not applicable.

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments – none.

B. Assessments – none.

Penn Treaty. Cigna and its subsidiaries (including the Company, and collectively known as Cigna) operates in a regulatory environment that may require its participation in assessments under state insurance guaranty association laws. Cigna's exposure to assessments for certain obligations of insolvent insurance companies to policyholders and claimants is based on its share of business written in the relevant jurisdictions.

In first quarter 2017, the Commonwealth Court of Pennsylvania entered an order of liquidation of Penn Treaty Network America Insurance Company, together with its subsidiary American Network Insurance Company (collectively "Penn Treaty", a long-term care insurance carrier), triggering guaranty fund coverage and an accrual of approximately $130 million before-tax ($85 million after-tax). As of December 31, 2018, the recorded liability was approximately $42,637 for this assessment. Updates to the amount of the Penn Treaty assessment were not material in 2018. A portion of this assessment is expected to be offset in the future by premium tax credits that will be recognized in the period received.

Undiscounted and discounted amount of the guaranty fund liabilities and assets as of December 31, 2018:

	Liability	Asset
Undiscounted	$ 42,637	$ 237,840
Discounted	$ 42,637	$ 229,516

Jurisdictional assessments expected to be paid within one year are accrued at the amount billed or expected to be billed. Other assessments were discounted.
The discount rate applied was 3.5%.

	Payables			Recoverables		
Name of the Insolvency	Number of Jurisdictions	Range of Years	Weighted Average Number of Years	Number of Jurisdictions	Range of Years	Weighted Average Number of Years
Penn Treaty	2	49-59	15	1	5	5

C. Gain Contingencies – none.

D. Claims-Related Extra Contractual Obligations – none.

E. Joint and Several Liabilities – none.

F. All Other Liabilities:

Litigation and Other Legal Matters:

Cigna and its subsidiaries (including the Company, and collectively known as Cigna) are routinely involved in numerous claims, lawsuits, regulatory audits, investigations and other legal matters arising, for the most part, in the ordinary course of managing a global health services business. Except for the specific matters noted below, Cigna believes that the legal actions, regulatory matters, proceedings and investigations currently pending against it should not have a material adverse effect on Cigna's results of operations, financial condition or liquidity based upon our current knowledge and taking into consideration current accruals. Disputed tax matters arising from audits by the Internal Revenue Service ("IRS") or other state and foreign jurisdictions, including those resulting in litigation, are accounted for under the NAIC's accounting guidance for tax loss contingencies.

Pending litigation and legal or regulatory matters that Cigna has identified with a reasonably possible material loss are described below. When litigation and regulatory matters present loss contingencies that are both probable and estimable, Cigna accrues the estimated loss by a charge to shareholders' net income. The estimated loss is Cigna's best estimate of the probable loss at the time or an amount within a range of estimated losses reflecting the most likely outcome or the minimum amount of the range (if no amount is better than any other estimated amount in the range.) Cigna provides disclosure in the aggregate for material pending litigation and legal or regulatory matters, including accruals, range of loss, or a statement that such information cannot be estimated. Due to numerous uncertain factors presented in these cases, it is not possible to estimate an aggregate range of loss (if any) for these matters at this time. In light of the uncertainties involved in these matters, there is no assurance that their ultimate resolution will not exceed the amounts currently accrued. An adverse outcome in one or more of these matters could be material to Cigna's results of operations, financial condition or liquidity for any particular period.

Cigna Litigation with Anthem. In February 2017, Cigna delivered a notice to Anthem terminating the 2015 merger agreement, and notifying Anthem that it must pay Cigna the $1.85 billion reverse termination fee pursuant to the terms of the merger agreement. Also in February 2017, Cigna filed suit against Anthem in the Delaware Court of Chancery (the "Chancery Court") seeking declaratory judgments that Cigna's termination of the merger agreement was valid and that Anthem was not permitted to extend the termination date. The complaint also sought payment of the reverse termination fee and additional damages in an amount exceeding $13 billion, including the lost premium value to Cigna's shareholders caused by Anthem's willful breaches of the merger agreement.

On February 15, 2017, the Chancery Court granted Anthem's motion for a temporary restraining order and temporarily enjoined Cigna from terminating the merger agreement. In May 2017, the Chancery Court denied Anthem's motion for a preliminary injunction to enjoin Cigna from terminating the merger agreement but stayed its ruling pending Anthem's determination as to whether to seek an appeal. Anthem subsequently notified Cigna and the Chancery Court that it did not intend to appeal the Chancery Court's decision. As a result, the merger agreement was terminated.

The litigation between the parties remains pending. Trial commenced in February 2019 and we await the outcome. Cigna believe in the merits of its claims and dispute Anthem's claims, and Cigna intends to vigorously defend itself and pursue its claims. The outcomes of lawsuits are inherently unpredictable, and Cigna may be unsuccessful in the ongoing litigation or any future claims or litigation.

Express Scripts Litigation with Anthem. In March 2016, Anthem filed a lawsuit in the United States District Court for the Southern District of New York alleging various breach of contract claims against Express Scripts relating to the parties' rights and obligations under the periodic pricing review section of the pharmacy benefit management agreement between the parties, including allegations that Express Scripts failed to negotiate new pricing concessions in good faith, as well as various alleged service issues. Anthem requests the court enter declaratory judgment that Express Scripts is required to provide Anthem competitive benchmark pricing, that Anthem can terminate the agreement, and that Express Scripts is required to provide Anthem with post-termination services at competitive benchmark pricing for one year following any termination by Anthem. Anthem claims it is entitled to $13.0 billion in additional pricing concessions over the remaining term of the agreement as well as $1.8 billion for one year following any contract termination by Anthem, and $150 million in damages for service issues ("Anthem's Allegations"). On April 19, 2016, in response to Anthem's complaint, Express Scripts filed its answer denying Anthem's Allegations in their entirety and asserting affirmative defenses and counterclaims against Anthem. The court subsequently granted Anthem's motion to dismiss two of six counts of Express Scripts, amended counterclaims. The current scheduling order runs through the completion of summary judgment briefing in December 2019. There is no tentative trial date.

Civil Investigative Demand. The U.S. Department of Justice ("DOJ") is conducting an industry review of Medicare Advantage organizations' risk adjustment practices under Medicare Parts C and D, including medical chart reviews and health exams. Cigna is currently responding to information requests (civil investigative demands) received from the DOJ (U.S. Attorney's Offices for the Eastern District of Pennsylvania and the Southern District of New York). Cigna will continue to cooperate with the DOJ's investigation.

Risk Adjustment Data Validation Audits. In connection with Centers for Medicare & Medicaid Services' (CMS) continuing statutory obligation to review risk score coding practices by Medicare Advantage plans, CMS is conducting audits of Medicare Advantage plans for compliance by the plans and their providers with proper coding practices (sometimes referred to as Risk Adjustment Data Validation Audits or RADV Audits).

In February 2012, CMS released a notice of final payment error calculation methodology for Medicare Advantage RADV audits. Among other matters, the notice provided that (i) CMS would perform its next round of Medicare Advantage contract-level audits on payment year 2011; (ii) payment year 2011 is the first year that CMS will conduct payment recovery based on extrapolated estimates; (iii) CMS expects to audit about 30 Medicare Advantage contracts each year; and (iv) payment recovery amounts will be subject to a fee-for-service adjuster that accounts for the fact that the documentation standard used in RADV audits to determine a contract's payment error is different from the documentation standard used to develop the Part C risk-adjustment model.

In the fourth quarter of 2018, CMS issued a proposed rule that included, among other things, extrapolation of the error rate related to audit findings without applying the FFS Adjuster. While it is uncertain whether CMS will issue the rule in its current form, if they did, it would have a material impact to the Company's future results of operations.

The Company's Tennessee Medicare Advantage plan (H4454) was selected by CMS for a RADV Audit of the 2006 risk adjustment data used to determine 2007 premium rates. In late 2009, the Company's Tennessee plan received from CMS the RADV Audit member sample, which CMS used to calculate a payment error rate for 2007 Tennessee plan premiums. In February 2010, the Company responded to the RADV Audit request by retrieving and submitting medical records supporting member sample diagnoses codes and risk scores and, where appropriate, provider attestations. The audit was completed in 2013, and the appeals were resolved in 2018.

The Company's Texas Medicare Advantage plan (H4513) was selected by CMS for a RADV Audit of the 2012 risk adjustment data used to determine 2013 premium rates. In September 2016, the Company's Texas plan received from CMS the RADV Audit member sample, and the audit began. The audit completed in 2017, but final results have not been released by CMS.

The Company's Alabama Medicare Advantage plan (H0150) was selected by CMS for a RADV Audit of the 2012 risk adjustment data used to determine 2013 premium rates. In September 2016, the Company's Alabama plan received from CMS the RADV Audit member sample, and the audit began. The audit completed in 2017, but final results have not been released by CMS.

Health Care Regulation. As a managed care organization, the Company's operations are and will continue to be subject to pervasive federal, state, and local government regulation, which will have a material impact on our operations. The laws and regulations affecting our industry give state and federal regulatory authorities broad discretion in their exercise of supervisory, regulatory, and administrative powers. These laws and regulations are intended primarily for the benefit of members of and providers to the Company. Health care regulation in its various forms could have an adverse effect on Company's health care operations if it inhibits the Company's ability to respond to market demands or results in increased medical or administrative costs without improving the quality of care or services.

G. Uncollectible Amounts – none.

15. Leases

A. Lessee Operating Leases – none.

B. Lessor Leases – none.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

1. Financial Instruments with Off-Balance Sheet Risk – not applicable.

2. Nature and Terms of Financial Instruments with Off-Balance Sheet Risk – not applicable.

3. Amount of Loss – not applicable.

4. Policy for Requiring Collateral – not applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfer of Receivables Reported as Sales – not applicable.

B. Transfer and Servicing of Financial Assets – not applicable.

C. Wash Sales – none.

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 – not applicable.

C. Medicare or Similarly Structured Cost Based Reimbursement Contracts – not applicable.

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

Not applicable.

20. Fair Value Measurements

A. Fair Value Measurements

Fair value is defined as the price at which an asset could be exchanged in an orderly transaction between market participants at the balance sheet date. The Company's financial assets have been classified based upon a hierarchy defined by SAP. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a financial asset or liability carried at fair value would be classified in Level 3 if unobservable inputs were significant to the instrument's fair value, even though the measurement may be derived using inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

Updates to SSAP 100 that became effective on January 1, 2018 allow the use of net asset value (NAV) as a practical expedient to fair value for investments in investment companies where there is no readily determinable fair value. There were no such investments owned by the Company for either period presented.

Level 1 Inputs for instruments classified in Level 1 include unadjusted quoted prices for identical assets in active markets accessible at the measurement date. Active markets provide pricing data for trades occurring at least weekly and include exchanges and dealer markets.

Level 2 Inputs for instruments classified in Level 2 include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are market observable or can be corroborated by market data for the term of the instrument. Such other inputs include market interest rates and volatilities, spreads and yield curves. An instrument is classified in Level 2 if the Company determines that unobservable inputs are insignificant. Level 2 assets primarily include corporate bonds valued using recent trades of similar securities or pricing models that discount future cash flows at estimated market interest rates.

Level 3 Certain inputs for instruments classified in Level 3 are unobservable (supported by little or no market activity) and significant to their resulting fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

1. **Fair Value Measurements at Reporting Date** – The following tables provide information about the Company's financial instruments carried at fair value as of December 31, 2018 and 2017.

Financial Assets at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	Total
December 31, 2018					
Bonds	$ -	$ 28,293,068	$ -	$ -	$ 28,293,068
December 31, 2017					
Bonds	$ -	$ 12,498,695	$ 4,346,597	$ -	$ 16,845,292

There were no significant transfers between Levels 1 and 2 as of December 31, 2018. Transfers between levels are assumed to occur at the beginning of the quarter in which they occur.

2. **Fair Value Measurements in Level 3 of the Fair Value Hierarchy**

The following tables summarize the changes in financial instruments classified in Level 3 for the year ended December 31, 2018 and 2017. Gains and losses reported in these tables may include net changes in fair value that are attributable to both observable and unobservable inputs.

For the Year Ended December 31, 2018

Level 3 Financial Assets	Beg Balance 1/1/18	Transfers into Level 3	Transfers out of Level 3	Total losses included in Net Income (1)	Total losses included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance 12/31/18
Bonds	$ 4,346,597	$ -	$ (4,407,223)	$ (49,020)	$ 109,646	$ -	$ -	$ -	$ -	$ -

(1) Bond losses included in net income attributable to instruments held at reporting time were $49,020.

For the Year Ended December 31, 2017

Level 3 Financial Assets	Beg Balance 1/1/17	Transfers into Level 3	Transfers out of Level 3	Total losses included in Net Income (1)	Total losses included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance 12/31/17
Bonds	$ 5,742,290	$ 5,400,247	$ (6,177,138)	$ (6,283)	$ 550,288	$ -	$ -	$ (1,014,618)	$ (148,189)	$ 4,346,597

(1) Bond losses included in net income attributable to instruments held at reporting time were $6,283.

3. **Level 3 Transfers**
Transfers into and out of Level 3 are reported as of the beginning of the quarter in which they occur. Transfers into or out of Level 3 occur when there is a change in the measurement basis in the period for lower-rated bonds valued at the lower of cost of fair value. Transfers into or out of Level 3 may also occur when observable inputs, such as the Company's best estimate of what a market participant would use to determine a current transaction price, become more or less significant to the fair value measurement.

4. **Valuation Techniques and Inputs**
The Company estimates fair values using prices from third parties or internal pricing methods. Fair value estimates received from third-party pricing services are based on reported trade activity and quoted market prices when available, and other market information that a market participant may use to estimate fair value. Such other inputs include market interest rates and volatilities, spreads, and yield curves. The internal pricing methods are performed by the Company's investment professionals and generally involve using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality, as well as other qualitative factors. In instances where there is little or no market activity for the same or similar instruments, the fair value is estimated using methods, models, and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price.

B. Other Fair Value Disclosures
The Company provides additional fair value information in Notes 1 and 5.

C. Aggregate Fair Value of All Financial Instruments

The following tables provide the fair value, carrying value, and classification in the fair value hierarchy of the Company's financial instruments as of December 31, 2018 and 2017.

Financial Assets	Aggregate Fair Value	Admitted Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Practicable (Carrying Value)	Net Asset Value (NAV) Included in Level 2
December 31, 2018							
Bonds	$ 807,049,902	$ 827,126,643	$ 8,280,139	$ 796,039,494	$ 2,730,269	$ -	$ -
Cash, Cash Equivalents, and Short-Term Investments	(6,273,778)	(6,273,778)	(6,273,778)	-	-	-	-
Total	$ 800,776,124	$ 820,852,865	$ 2,006,361	$ 796,039,494	$ 2,730,269	$ -	$ -
December 31, 2017							
Bonds	$ 643,905,831	$ 632,113,934	$ 8,359,863	$ 626,289,944	$ 9,256,024	$ -	$ -
Cash, Cash Equivalents, and Short-Term Investments	248,349,259	248,349,259	7,310,938	241,038,321	-	-	-
Total	$ 892,255,090	$ 880,463,193	$ 15,670,801	$ 867,328,265	$ 9,256,024	$ -	$ -

The following valuation methodologies and significant assumptions are used by the Company to determine fair value for each instrument.

Bonds

The methods and significant assumptions used to estimate the fair value of bonds are described in A4 above.

Cash, Cash Equivalents, and Short-Term Investments

Short-term investments, cash equivalents, and cash are carried at cost which approximates fair value. Short-term investments and cash equivalents are classified in Level 2, and cash is classified in Level 1.

D. Disclosures about Financial Instruments Not Practicable to Estimate Fair Value – None

21. Other Items

A. Unusual or Infrequent Items – none.

B. Troubled Debt Restructuring: Debtors – none.

C. Other Disclosures - none

D. Business Interruption Insurance Recoveries – none.

E. State Transferable and Non-transferable Tax Credits – none.

F. Subprime-Mortgage-Related Risk Exposure

1. The Company did not hold mortgage loans in 2018 and 2017 and, therefore, is not subject to the related risk exposure pertaining to subprime mortgages.
2. Direct Exposure through Investments in Subprime Loans – not applicable.
3. Direct Exposure through Other Investments – not applicable.
4. Underwriting Exposure to Subprime Mortgage Risk – not applicable.

G. Retained Assets – none.

H. Insurance-Linked Securities (ILS) Contracts – none.

22. Events Subsequent

Type I – Recognized Subsequent Events:

The Company is not aware of any Type I events that occurred subsequent to the close of the books or accounts for this statement which would have a material effect on the financial condition of the Company. In preparing these financial statements, the Company evaluated events that occurred between the balance sheet date and February 27, 2019 for the statutory statement filed on February 27, 2019.

Type II – Nonrecognized Subsequent Events:

The Company is not aware of any Type II events that occurred subsequent to the close of the books or accounts for this statement which would have a material effect on the financial condition of the Company. Subsequent events have been considered through February 27, 2019 for the statutory statement issued on February 27, 2019.

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 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. None.

(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 – none.

C. Commutation of Ceded Reinsurance – none.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – none.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used to Estimate Accrued Retrospective Premium Adjustments – not applicable.

B. Where Accrued Retrospective Premium Adjustments are Recorded – not applicable.

C. Amount of Net Written Premiums Subject to Retrospective Rating Features – not applicable.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act

On January 1, 2014, the Company became subject to the minimum loss ratio rebate provisions of the Affordable Care Act (ACA). ACA require payment of premium rebates to customers covered under the Company's comprehensive medical insurance if certain annual minimum medical loss ratios are not met. At the close of each quarter, the Company records its rebate accrual based on year-to-date estimated medical loss ratios calculated as prescribed by the interim final rule issued by the Department of Health & Human Services using year-to-date premium and claim information by state and market segment. Since this accrual reflects the amount of rebate that would be payable based on year-to-date estimated medical loss ratios, the amount of rebate will fluctuate as actual claim experience develops each calendar quarter.

The Company accrued an estimated rebate of $134,322 as of December 31, 2018 and 2017.

	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	$ —	—	—	$ —	$ —
(2) Medical loss ratio rebates paid	—	—	—	589,697	589,697
(3) Medical loss ratio rebates unpaid	—	—	—	134,322	134,322
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	—
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	—
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	$ 134,322
Current Reporting Year-to-date					
(7) Medical loss ratio rebates incurred	$ —	—	—	$ —	$ —
(8) Medical loss ratio rebates paid	—	—	—	—	—
(9) Medical loss ratio rebates unpaid	—	—	—	134,322	134,322
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	—
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	—
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	$ 134,322

The Company accrued an estimated rebate of $2,915,769 and $2,216,218 as of December 31, 2018 and 2017, respectively, related to its Medicaid contract in the state of Illinois which has different annual minimum medical loss ratios and medical loss ratio calculations. Since this accrual reflects the amount of rebate that would be payable based on year-to-date estimated medical ratios through June 30, 2020, the amount of the rebate will fluctuate as actual claim experience develops each calendar quarter.

E. Risk Sharing Provisions of the Affordable Care Act – the Company does not write business subject to the Risk Sharing Provisions of the Affordable Care Act.

25. Change in Incurred Claims and Claim Adjustment Expenses

The following table shows the liability for claims unpaid as of December 31, 2017 and amounts paid during the current year on these liabilities. Reserves remaining for prior years result from a re-estimation of unpaid claims and claim adjustment expenses and reflect a favorable/(unfavorable) development since December 31, 2017. This release is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

	Unpaid Claims	Accrued Medical Incentive Pool & Bonus	Healthcare Receivable	Total
12/31/2017 Balance	$ 299,034,908	$ 22,872,076	$ (80,813,621)	$ 241,093,363
Paid/(Received)	235,136,325	17,964,812	(77,037,946)	176,063,191
Favorable/(Unfavorable) Development	41,935,511	1,876,077	8,026,977	51,838,565
12/31/2018 Balance for 2017 & Prior	$ 21,963,072	$ 3,031,187	$ (11,802,652)	$ 13,191,607

Changes in unpaid claims adjustment expenses of $395,579 and $(2,360,493) for 2018 and 2017, respectively, are included in claim adjustment expenses.

26. Intercompany Pooling Arrangements

A.-G. – none

27. Structured Settlements

Not applicable.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

The pharmacy rebates receivables are net of non-admitted receivables. The Company had no non-admitted pharmacy rebates as of December 31, 2018 and had $560,000 as of December 31, 2017. The estimated pharmacy rebates are as follows:

			Through December 31, 2018		
Quarter ended	**Estimated pharmacy rebates as reported in statutory basis financial statements**	**Pharmacy rebates as billed**	**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 of billing**
December 31, 2018	$ 48,978,636	$ 66,941,120	$ 17,998,810	$ -	$ -
September 30, 2018	48,417,025	61,773,531	61,737,205	-	-
June 30, 2018	48,539,640	60,126,870	60,087,386	39,484	-
March 31, 2018	43,060,304	52,267,446	51,361,309	911,560	(5,423)
December 31, 2017	$ 42,080,033	$ 57,284,539	$ 57,371,016	$ 672	$ (87,149)
September 30, 2017	43,511,018	56,028,798	56,072,809	28,010	(72,021)
June 30, 2017	72,052,188	54,078,905	38,608,772	15,443,042	27,091
March 31, 2017	55,173,122	55,014,641	38,497,346	17,914	16,499,381
December 31, 2016	$ 40,803,894	$ 39,666,686	$ 39,650,648	$ (9,781)	$ 25,819
September 30, 2016	43,381,097	42,783,682	42,787,894	(11,383)	7,171
June 30, 2016	46,331,055	43,653,712	43,654,761	7,068	(8,117)
March 31, 2016	44,789,037	44,227,727	41,992,248	2,236,682	(1,203)

B. Risk Sharing Receivables

Calendar Year	Evaluation Period	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Receivable First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received - All Other
2018	2018	$ —	$ 21,767,497	$ 407,592	$ 21,767,496	$ —	$ —	$ —	$ —
	2019	XXX	—	XXX	—	XXX	—	XXX	—
2017	2017	$ 25,423,939	$ —	$ 21,035,787	$ 422,127	$ 20,949,230	$ —	$ —	$ —
	2018	XXX	—	XXX	—	XXX	—	XXX	—
2016	2016	$ 23,471,136	$ —	$ 25,030,149	$ 171,496	$ 25,030,149	$ —	$ —	$ —
	2017	XXX	—	XXX	—	XXX	—	XXX	—

C. Other Healthcare Receivables

Other Healthcare receivables included:

Claims overpayment receivables	$	968,340
Other healthcare receivables		837,828
	$	1,806,168

29. Participating Policies

None.

30. Premium Deficiency Reserves

Premium deficiencies occur when it is probable that expected claims expense (hospital/medical expenses and administrative expenses) will exceed future premiums on existing insurance contracts. For purposes of estimating premium deficiency losses, contracts are grouped in a manner consistent with the Company's method of acquiring, servicing, and measuring the profitability of such contracts. The Company had liabilities of $25,851,495 and $26,055,312 at December 31, 2018 and 2017, respectively, related to premium deficiency reserves on its Medicaid business. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

1. Liability carried for premium deficiency reserves	$	25,851,495
2. Date of the most recent evaluation of this liability		December 31, 2018
3. Was anticipated investment income utilized in the calculation?		No

31. Anticipated Salvage and Subrogation

None.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [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? Texas

1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [X] No [ ]

1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. 0000701221

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

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2014

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. 12/31/2014

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). 04/25/2016

3.4 By what department or departments?
Texas Department of Insurance

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 [X] No [ ]
If yes, complete and file the merger history data file with the NAIC.

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

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
HealthSpring of Alabama, Inc.	95781	AL
HealthSpring of Tennessee, Inc.	11522	TN

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 or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

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

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

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers, LLC
150 3rd Ave. S, Suite 1400
Nashville, TN 37201

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 the 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

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?
Gregory N. Malone, Appointed Actuary, Cigna Healthcare Reserving, 900 Cottage Grove Road, Bloomfield, CT 06152

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).

GENERAL INTERROGATORIES

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 subordinate 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 with the official duties of such person? Yes [X] No [ ]

FINANCIAL

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

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers $ 0
- 20.12 To stockholders not officers $ 0
- 20.13 Trustees, supreme or grand (Fraternal Only) $ 0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers $ 0
- 20.22 To stockholders not officers $ 0
- 20.23 Trustees, supreme or grand (Fraternal Only) $ 0

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

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others $ 0
- 21.22 Borrowed from others $ 0
- 21.23 Leased from others $ 0
- 21.24 Other $ 0

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $ 0
- 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

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)

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

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

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

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

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 [ ] No [ ] N/A [X]

GENERAL INTERROGATORIES

24.10 For the reporting entity's security lending program state the amount of the following as December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. $ 0
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 0
24.103 Total payable for securities lending reported on the liability page. $ 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No [ ]

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

25.21 Subject to repurchase agreements $
25.22 Subject to reverse repurchase agreements $
25.23 Subject to dollar repurchase agreements $
25.24 Subject to reverse dollar repurchase agreements $
25.25 Placed under option agreements $
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock $
25.27 FHLB Capital Stock $
25.28 On deposit with states $ 16,350,387
25.29 On deposit with other regulatory bodies $
25.30 Pledged as collateral - excluding collateral pledged to an FHLB $
25.31 Pledged as collateral to FHLB - including assets backing funding agreements $
25.32 Other $

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. $

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
JPMorgan Chase Bank, N.A.	4 Chase MetroTech Center Brooklyn, New York 11245

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

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
Cigna Investments, Inc., 900 Cottage Grove Road, Bloomfield, CT 06002	A

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [ ] No [X]

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
105811	CIGNA Investments, Inc.	Not available	Securities & Exchange Commission	DS

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		0

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

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	827,126,643	807,049,915	(20,076,728)
30.2 Preferred stocks	0		0
30.3 Totals	827,126,643	807,049,915	(20,076,728)

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

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price. These valuation techniques involve some level of estimation and judgment by the Company which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

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

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

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:

Broker prices are used on less than 2% of securities, mainly due to timing of new purchases where price is not yet available by pricing vendor. The Company reviews prices provided by brokers for reasonableness based on comparisons to similar securities that are priced by either external pricing vendor or the Company.

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

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:
    a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
    b. Issuer or obligor is current on all contracted interest and principal payments.
    c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
    Has the reporting entity self-designated 5GI securities? Yes [ ] No [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
    a. The security was purchased prior to January 1, 2018.
    b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
    c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
    d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
    Has the reporting entity self-designated PLGI securities? Yes [ ] No [X]

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 0

35.2 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

36.1 Amount of payments for legal expenses, if any? $ 0

36.2 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

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

37.2 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 [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only. $

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $

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 $

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. $ 0

1.6 Individual policies:

Most current three years:
1.61 Total premium earned $ 0
1.62 Total incurred claims $ 0
1.63 Number of covered lives 0
All years prior to most current three years:
1.64 Total premium earned $ 0
1.65 Total incurred claims $ 0
1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:
1.71 Total premium earned $ 0
1.72 Total incurred claims $ 0
1.73 Number of covered lives 0
All years prior to most current three years:
1.74 Total premium earned $ 0
1.75 Total incurred claims $ 0
1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	4,135,887,500	4,086,835,002
2.2	Premium Denominator	4,135,887,500	4,086,835,002
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	388,242,914	366,122,415
2.5	Reserve Denominator	388,242,914	366,122,415
2.6	Reserve Ratio (2.4/2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [ ]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [ ] No [X]

5.2 If no, explain:
Management has elected not to purchase stop-loss reinsurance based on historical trends

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical $ 0
5.32 Medical Only $ 0
5.33 Medicare Supplement $ 0
5.34 Dental & Vision $ 0
5.35 Other Limited Benefit Plan $ 0
5.36 Other $ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
The Company participates in the Federal Medicare Advantage program with contracts from Centers for Medicare and Medicaid Services (CMS). These contracts include hold harmless provisions for members and continuations of care would be provided by CMS. The provider contracts also contain hold harmless and continuation of care provisions in the event of the Company's insolvency.

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 67,063
8.2 Number of providers at end of reporting year 57,688

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months $
9.22 Business with rate guarantees over 36 months $

GENERAL INTERROGATORIES

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	$	25,067,366
10.22 Amount actually paid for year bonuses	$	(27,218,134)
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. Texas
11.4 If yes, show the amount required. $ 1,700,000
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
Alabama - Part D
Alaska - Part D
Arizona - Part D
Arkansas - Part D
Colorado - Part D
Connecticut - Part D
Delaware - Part D
District of Columbia - Part D
Florida - Part D
Georgia - Part D
Hawaii - Part D
Idaho - Part D
Illinois - Part D
Indiana - Part D
Iowa - Part D
Kansas - Part D
Kentucky - Part D
Louisiana - Part D
Maine - Part D
Maryland - Part D
Massachusetts - Part D
Michigan - Part D
Minnesota - Part D
Mississippi - Part D
Missouri - Part D
Montana - Part D
Nebraska - Part D
Nevada - Part D
New Hampshire - Part D
New Jersey - Part D
New Mexico - Part D
New York - Part D
North Carolina - Part D
North Dakota - Part D
Ohio - Part D
Oklahoma - Part D
Oregon - Part D
Pennsylvania - Part D
Rhode Island - Part D
South Carolina - Part D
South Dakota - Part D
Tennessee - Part D
Texas - Part D
Utah - Part D
Vermont - Part D
Virginia - Part D
Washington - Part D
West Virginia - Part D
Wisconsin - Part D
Wyoming - Part D
Autauga, AL
Baldwin, AL
Bibb, AL
Blount, AL
Cherokee, AL
Chilton, AL
Colbert, AL
Cullman, AL
Dallas, AL
DeKalb, AL
Elmore, AL

1 Name of Service Area
Etowah, AL
Jackson, AL
Jefferson, AL
Lauderdale, AL
Lawrence, AL
Limestone, AL
Lowndes, AL
Madison, AL
Marshall, AL
Mobile, AL
Montgomery, AL
Morgan, AL
Saint Clair, AL
Shelby, AL
Talladega, AL
Tuscaloosa, AL
Walker, AL
Craighead, AR
Crittenden, AR
Greene, AR
Lawrence, AR
Mississippi, AR
Poinsett, AR
Catoosa, GA
Dade, GA
Walker, GA
Cook, IL
Du Page, IL
Kane, IL
Will, IL
Attala, MS
Covington, MS
Forrest, MS
George, MS
Hancock, MS
Harrison, MS
Hinds, MS
Jackson, MS
Jones, MS
Lamar, MS
Leake, MS
Madison, MS
Marion, MS
Pearl River, MS
Perry, MS
Rankin, MS
Stone, MS
Anderson, TN
Bedford, TN
Benton, TN
Bledsoe, TN
Blount, TN
Bradley, TN
Campbell, TN
Cannon, TN
Carroll, TN
Cheatham, TN
Chester, TN
Clay, TN
Cocke, TN
Coffee, TN
Crockett, TN
Cumberland, TN
Davidson, TN
De Kalb, TN
Decatur, TN
Dickson, TN
Fayette, TN
Fentress, TN
Gibson, TN
Giles, TN
Grainger, TN
Grundy, TN
Hamblen, TN
Hamilton, TN
Hancock, TN
Hardeman, TN
Hardin, TN
Haywood, TN
Henderson, TN
Hickman, TN
Houston, TN
Humphreys, TN
Jackson, TN
Jefferson, TN
Knox, TN
Lauderdale, TN

1 Name of Service Area
Lawrence, TN
Lewis, TN
Lincoln, TN
Loudon, TN
Macon, TN
Madison, TN
Marion, TN
Marshall, TN
Maury, TN
McMinn, TN
McNairy, TN
Meigs, TN
Monroe, TN
Montgomery, TN
Moore, TN
Morgan, TN
Overton, TN
Perry, TN
Pickett, TN
Polk, TN
Putnam, TN
Rhea, TN
Roane, TN
Robertson, TN
Rutherford, TN
Scott, TN
Sequatchie, TN
Sevier, TN
Shelby, TN
Smith, TN
Stewart, TN
Sumner, TN
Tipton, TN
Trousdale, TN
Union, TN
Van Buren, TN
Warren, TN
Wayne, TN
White, TN
Williamson, TN
Wilson, TN
Anderson, TX
Angelina, TX
Bexar, TX
Bowie, TX
Brazoria, TX
Cameron, TX
Camp, TX
Cass, TX
Chambers, TX
Cherokee, TX
Collin, TX
Cooke, TX
Dallas, TX
Delta, TX
Denton, TX
Duvall, TX
Ellis, TX
El Paso, TX
Fannin, TX
Fort Bend, TX
Franklin , TX
Galveston, TX
Grayson, TX
Gregg, TX
Hardin, TX
Harris, TX
Harrison, TX
Henderson, TX
Hidalgo, TX
Hood, TX
Hopkins, TX
Houston, TX
Hunt, TX
Jasper, TX
Jefferson, TX
Jim Hogg, TX
Jim Wells, TX
Johnson, TX
Kaufman, TX
Lamar, TX
Liberty, TX
Marion, TX
Maverick, TX
McMullen , TX
Montague, TX
Montgomery, TX

1 Name of Service Area
Morris, TX
Nacogdoches, TX
Navarro, TX
Newton, TX
Nueces, TX
Orange , TX
Panola, TX
Parker, TX
Polk, TX
Rains, TX
Red River, TX
Rockwall, TX
Rusk, TX
Sabine, TX
San Augustine, TX
San Jacinto, TX
Shelby, TX
Smith, TX
Starr, TX
Tarrant, TX
Titus , TX
Travis, TX
Trinity, TX
Tyler, TX
Upshur, TX
Van Zandt, TX
Walker, TX
Waller, TX
Webb, TX
Willacy, TX
Wise, TX
Wood, TX
Zapata, TX

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. $

13.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

13.4 If yes, please provide the balance of funds administered as of the reporting date. $

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [ ] No [ ] N/A [X]

14.2 If the answer to 14.1 is yes, please provide the following:

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

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

15.1 Direct Premium Written $ 0

15.2 Total Incurred Claims $ 0

15.3 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 gurarantee)
Universal Life (with or without secondary gurarantee)
Variable Universal Life (with or without secondary gurarantee)

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [X] No [ ]

16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [ ] No [ ]

FIVE-YEAR HISTORICAL DATA

		1 2018	2 2017	3 2016	4 2015	5 2014
	Balance Sheet (Pages 2 and 3)					
1.	Total admitted assets (Page 2, Line 28)	1,060,303,946	1,047,658,336	602,829,479	613,953,794	586,050,035
2.	Total liabilities (Page 3, Line 24)	497,558,195	496,937,426	322,626,324	286,576,831	257,315,426
3.	Statutory minimum capital and surplus requirement	1,700,000	27,410,444	1,700,000	1,700,000	1,700,000
4.	Total capital and surplus (Page 3, Line 33)	562,745,751	550,720,910	280,203,155	327,376,963	328,734,609
	Income Statement (Page 4)					
5.	Total revenues (Line 8)	4,142,167,321	4,087,003,755	2,366,989,790	2,213,499,831	2,205,421,691
6.	Total medical and hospital expenses (Line 18)	3,383,466,841	3,446,029,625	2,028,664,874	1,815,181,348	1,823,249,406
7.	Claims adjustment expenses (Line 20)	352,029,264	257,823,958	157,438,242	143,828,585	140,299,062
8.	Total administrative expenses (Line 21)	311,781,828	347,557,822	233,977,273	223,274,842	192,290,949
9.	Net underwriting gain (loss) (Line 24)	95,093,205	36,992,048	(65,563,195)	61,460,103	13,562,421
10.	Net investment gain (loss) (Line 27)	31,428,727	21,525,400	9,880,001	8,451,012	10,043,997
11.	Total other income (Lines 28 plus 29)	(775,426)	(4,278,762)	(14,550)	(607,154)	(6,325,295)
12.	Net income or (loss) (Line 32)	90,299,905	32,828,905	(50,827,858)	46,054,710	(6,586,059)
	Cash Flow (Page 6)					
13.	Net cash from operations (Line 11)	27,178,947	174,740,880	(6,398,484)	103,716,862	(175,616,476)
	Risk-Based Capital Analysis					
14.	Total adjusted capital	562,745,751	550,720,910	280,203,155	327,376,963	328,734,609
15.	Authorized control level risk-based capital	132,758,225	133,695,969	78,871,713	71,221,971	63,834,514
	Enrollment (Exhibit 1)					
16.	Total members at end of period (Column 5, Line 7)	298,647	299,563	161,995	166,636	511,731
17.	Total members months (Column 6, Line 7)	3,566,869	3,656,421	2,028,888	1,959,109	6,328,529
	Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18.	Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19.	Total hospital and medical plus other non-health (Lines 18 plus Line 19)	81.8	84.3	85.9	82.2	82.8
20.	Cost containment expenses	8.0	29.8	5.7	5.9	5.9
21.	Other claims adjustment expenses	0.6	1.0	0.9	0.6	0.5
22.	Total underwriting deductions (Line 23)	97.9	99.1	103.1	97.4	99.5
23.	Total underwriting gain (loss) (Line 24)	2.3	0.9	(2.8)	2.8	0.6
	Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24.	Total claims incurred for prior years (Line 13, Col. 5)	189,254,801	260,847,529	128,693,027	7,698,936	76,884,319
25.	Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	241,093,363	322,449,831	119,452,431	51,100,486	96,143,766
	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)					
29.	Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30.	Affiliated mortgage loans on real estate					
31.	All other affiliated					
32.	Total of above Lines 26 to 31	0	0	0	0	0
33.	Total investment in parent included in Lines 26 to 31 above.					

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

If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, etc.	1 Active Status (a)	Direct Business Only 2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama AL	L		596,674,869					596,674,869	
2. Alaska AK	L							0	
3. Arizona AZ	L							0	
4. Arkansas AR	L		9,268,123					9,268,123	
5. California CA	N							0	
6. Colorado CO	L							0	
7. Connecticut CT	L							0	
8. Delaware DE	L							0	
9. District of Columbia DC	L							0	
10. Florida FL	L							0	
11. Georgia GA	L		32,323,204					32,323,204	
12. Hawaii HI	L							0	
13. Idaho ID	L							0	
14. Illinois IL	L		120,022,805	(466,948)				119,555,857	
15. Indiana IN	L							0	
16. Iowa IA	L							0	
17. Kansas KS	L							0	
18. Kentucky KY	L							0	
19. Louisiana LA	L							0	
20. Maine ME	L							0	
21. Maryland MD	L							0	
22. Massachusetts MA	L							0	
23. Michigan MI	L							0	
24. Minnesota MN	L							0	
25. Mississippi MS	L		114,638,172					114,638,172	
26. Missouri MO	L							0	
27. Montana MT	L							0	
28. Nebraska NE	L							0	
29. Nevada NV	L							0	
30. New Hampshire NH	L							0	
31. New Jersey NJ	L							0	
32. New Mexico NM	L							0	
33. New York NY	L							0	
34. North Carolina NC	L							0	
35. North Dakota ND	L							0	
36. Ohio OH	L							0	
37. Oklahoma OK	L							0	
38. Oregon OR	L							0	
39. Pennsylvania PA	L							0	
40. Rhode Island RI	L							0	
41. South Carolina SC	L							0	
42. South Dakota SD	L							0	
43. Tennessee TN	L		978,528,213					978,528,213	
44. Texas TX	L	(1,056)	1,347,829,575	937,070,543				2,284,899,062	
45. Utah UT	L							0	
46. Vermont VT	L							0	
47. Virginia VA	L							0	
48. Washington WA	L							0	
49. West Virginia WV	L							0	
50. Wisconsin WI	L							0	
51. Wyoming WY	L							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	(1,056)	3,199,284,961	936,603,595	0	0	0	4,135,887,500	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	XXX	(1,056)	3,199,284,961	936,603,595	0	0	0	4,135,887,500	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG 50 R - Registered - Non-domiciled RRGs 0

E - Eligible - Reporting entities eligible or approved to write surplus lines in the state 0 Q - Qualified - Qualified or accredited reinsurer 0

N - None of the above - Not allowed to write business in the state 7

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

Part D premiums are allocated based on prior year MMR data by state; Medicare Advantage premiums are based upon premiums received from the Centers for Medicare and Medicaid Services (CMS) for each state by health plan and primary benefit plan (PBP) number; Medicaid premiums are applied to the appropriate state based on the source of the revenue. IL Medicaid premiums are sourced from the IL Comptroller and deposited into an IL Medicaid specific bank account. TX Medicaid premiums are sourced from the TX Comptroller and deposited into a TX Medicaid specific bank account.

SCHEDULE Y
PART 1 – ORGANIZATIONAL CHART

The following is a listing identifying and indicating the interrelationships among all affiliated insurers (identified by an asterisk, and if such insurer is incorporated in the united States of America, by a Federal Employer Identificiation Number, NAIC Company Code and Jurisdiction of Incorporation) and all other affiliates, as of December 31, 2018:

Cigna Corporation
(A Delaware corporation and ultimate parent company)

- Cigna Holding Company
  - Cigna Holdings, Inc.
    - Cigna Intellectual Property, Inc.
    - Cigna Investment Group, Inc.
      - Cigna International Finance Inc.
      - Former Cigna Investments, Inc.
      - Cigna Investments, Inc.
        - Cigna Benefits Financing, Inc.
    - CareAllies, Inc.
    - Connecticut General Corporation
      - Benefit Management Corp.
        - *Allegiance Life & Health Insurance Company
        - *Allegiance Re, Inc.
        - Allegiance Benefit Plan Management, Inc.
        - Allegiance COBRA Services, Inc.
        - Allegiance Provider Direct, LLC
        - Community Health Network, LLC
        - Intermountain Underwriters, Inc.
        - Allegiance Care Management, LLC
      - HealthSpring, Inc.
        - NewQuest, LLC
          - NewQuest Management Northeast, LLC
            - *Bravo Health Mid-Atlantic, Inc.
            - *Bravo Health Pennsylvania, Inc.
          - *HealthSpring Life & Health Insurance Company
          - *HealthSpring of Florida, Inc.
          - NewQuest Management of Illinois, LLC
          - NewQuest Management of Florida, LLC
          - HealthSpring Management of America, LLC
          - NewQuest Management of West Virginia, LLC
          - TexQuest, LLC
          - HouQuest, LLC
            - GulfQuest, LP
          - NewQuest Management of Alabama, LLC
          - HealthSpring USA, LLC
            - Tennessee Quest, LLC
          - HealthSpring Pharmacy Services, LLC
            - HealthSpring Pharmacy of Tennessee, LLC
          - Home Physicians Management, LLC
            - Alegis Care Services, LLC
      - *Cigna Arbor Life Insurance Company
      - Cigna Behavioral Health, Inc.
        - Cigna Behavioral Health of California, Inc.
        - Cigna Behavioral Health of Texas, Inc.
        - MCC Independent Practice Association of New York, Inc.
      - Cigna Dental Health, Inc.
        - Cigna Dental Health of California, Inc.
        - Cigna Dental Health of Colorado, Inc.
        - Cigna Dental Health of Delaware, Inc.
        - Cigna Dental Health of Florida, Inc.
        - Cigna Dental Health of Illinois, Inc.
        - Cigna Dental Health of Kansas, Inc.
        - Cigna Dental Health of Kentucky, Inc.
        - Cigna Dental Health of Missouri, Inc.
        - Cigna Dental Health of New Jersey, Inc.
        - Cigna Dental Health of North Carolina, Inc.
        - Cigna Dental Health of Ohio, Inc.
        - Cigna Dental Health of Pennsylvania, Inc.
        - Cigna Dental Health of Texas, Inc.
        - Cigna Dental Health of Virginia, Inc.
        - Cigna Dental Health Plan of Arizona, Inc.
        - Cigna Dental Health of Maryland, Inc.
      - Cigna Health Corporation
        - Healthsource, Inc.
          - Cigna HealthCare of Arizona, Inc.
          - Cigna HealthCare of California, Inc.
          - Cigna HealthCare of Colorado, Inc.
          - Cigna HealthCare of Connecticut, Inc.
          - Cigna HealthCare of Florida, Inc.
          - Cigna HealthCare of Illinois, Inc.
          - Cigna HealthCare of Maine, Inc.
          - Cigna HealthCare of Massachusetts, Inc.
          - Cigna HealthCare Mid-Atlantic, Inc.
          - Cigna HealthCare of New Hampshire, Inc.
          - Cigna HealthCare of New Jersey, Inc.
          - Cigna HealthCare of Pennsylvania, Inc.
          - Cigna HealthCare of St. Louis, Inc.
          - Cigna HealthCare of Utah, Inc.
          - Cigna HealthCare of Georgia, Inc.
          - Cigna HealthCare of Texas, Inc.
          - Cigna HealthCare of Indiana, Inc.
          - Cigna HealthCare of Tennessee, Inc.
          - Cigna HealthCare of North Carolina, Inc.
          - Cigna HealthCare of South Carolina, Inc.
          - *Temple Insurance Company Limited
          - Arizona Health Plan, Inc.
          - Healthsource Properties, Inc.
        - Managed Care Consultants, Inc.
        - Cigna Benefit Technology Solutions, Inc.
        - Sagamore Health Network, Inc.
      - Cigna Healthcare Holdings, Inc.
        - Great-West Healthcare of Illinois, Inc.
        - Cigna Healthcare, Inc.
      - *Cigna Life Insurance Company of New York
      - *Connecticut General Life Insurance Company
        - CG Mystic Center LLC
        - CG Mystic Land LLC
        - CG Skyline, LLC
        - Careallies, LLC
        - Cigna Onsite Health, LLC
        - Gillette Ridge Community Council,Inc.
        - Gillette Ridge Golf LLC
        - Hazard Center Investment Company LLC
        - Tel-Drug of Pennsylvania, LLC
        - GRG Acquisitions LLC
        - Cigna Affiliates Realty Investment Group, LLC
          - CR Longwood Investors, LP
            - ND/CR Longwood LLC
              - ARE/ND/CR Longwood LLC
          - Secon Properties, LP
          - Transwestern Federal Holdings, L.L.C.
            - Transwestern Federal, L.L.C.
          - Diamondview Tower CM-CG LLC
          - CR Washington Street Investors LP
          - Dulles Town Center Mall, LLC
          - PUR Arbors Apartments Venture LLC
          - CG Seventh Street, LLC
          - Ideal Properties II LLC
          - Mallory Square Partners I, LLC
          - Houston Briar Forest Apartments Limited Partnership
          - SB-SNH LLC
            - 680 Investors LLC
            - 685 New Hampshire LLC
          - 222 Main Street Caring GP LLC
          - 222 Main Street Investors LP
          - Notch 8 Residential, L.L.C.
          - UVL, LLC

SCHEDULE Y

PART 1 – ORGANIZATIONAL CHART

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Cigna Corporation
(A Delaware corporation and ultimate parent company)

3601 North Fairfax Drive Associates, LLC
CI Perris 151, LLC
Lakehills CM – CG LLC
Affiliated Hotel Subsidiary LLC
Berewick Apartments LLC
CIG-LEI Ygnacio Associates LLC
CGGL Orange Collection LLC
CGGL Chapman LLC
CGGL City Parkway LLC
Heights at Bear Creek Venture LLC
SOMA Apartments Venture LLC
Arbor Heights Venture LLC
CG/Wood ALTA 601, LLC
CPI-CII 9171 Wilshire JV LLC
9171 Wilshire CPI-CII LLC
CARING Capitol Hill GP LLC
CARING Capitol Hill LP LLC
Rise-CG Capitol Hill, LP
CARING 9171 Wilshire Investor LLC
CARING Heights at Bear Creek Investor LLC
CARING Dulles Town Center Investor LLC
CARING 500 Ygnacio Investor LLC
CARING Alta Woodson Investor LLC
CARING Mallory Square Investor LLC
CARING Soma Investor LLC
CORAC LLC
Henry on the Park Associates, LLC
*Cigna Health and Life Insurance Company
CarePlexus, LLC
Cigna Corporate Services, LLC
Cigna Insurance Agency, LLC
Ceres Sales of Ohio, LLC
Cigna National Health Insurance Company
Provident American Life & Health Insurance Company
United Benefit Life Insurance Company
Loyal American Life Insurance Company
American Retirement Life Insurance Company
QualCare Alliance Networks, Inc.
QualCare, Inc.
Scibal Associates, Inc.
QualCare Captive Insurance Company Inc., PCC
QualCare Management Resources Limited Liability Company
Health-Lynx, LLC
Sterling Life Insurance Company
Olympic Health Management Systems, Inc.
Olympic Health Management Services, Inc.
WorldDoc, Inc.
Omada Health, Inc.
Cigna Ventures, LLC
Cricket Health, Inc.
Cigna Health Management, Inc.
Kronos Optimal Health Company
*Life Insurance Company of North America
*Cigna & CMB Life Insurance Company Limited
Cigna & CMB Health Services Company, Ltd.
Cigna Direct Marketing Company, Inc.
Tel-Drug, Inc.
Cigna Global Wellbeing Holdings Limited
Cigna Global Wellbeing Solutions Limited
Vielife Services, Inc.
CG Individual Tax Benefit Payments, Inc.
CG Life Pension Benefits Payments, Inc.
CG LINA Pension Benefits Payments, Inc.
Cigna Federal Benefits, Inc.
Cigna Healthcare Benefits, Inc.
Cigna Integratedcare, Inc.
Cigna Managed Care Benefits Company
Cigna Re Corporation
Blodget & Hazard Limited
Cigna Resource Manager, Inc.
Connecticut General Benefit Payments, Inc.
Healthsource Benefits, Inc.
IHN, Inc.
LINA Benefit Payments, Inc.
Mediversal, Inc.
Universal Claims Administration
Brighter, Inc .
Patient Provider Alliance, Inc
Cigna Global Holdings, Inc.
Cigna International Corporation, Inc.
Cigna International Services, Inc.
Cigna International Marketing (Thailand) Limited
CGO Participatos LTDA
YCFM Servicos LTDA
*Cigna Global Reinsurance Company, Ltd.
Cigna Holdings Overseas, Inc.
Cigna Bellevue Alpha LLC
Cigna Linden Holdings, Inc.

Cigna Palmetto Holdings, Ltd.
Cigna Apac Holdings, Ltd.
Cigna Alder Holdings, LLC
Cigna Walnut Holdings, Ltd.
Cigna Chestnut Holdings, Ltd.
*LINA Life Insurance Company of Korea
Cigna International Services Australia Pty Ltd.
Cigna Hong Kong Holdings Company Limited
Cigna Data Services (Shanghai) Company Limited
Cigna HLA Technology Services Limited
*Cigna Worldwide General Insurance Company Limited
*Cigna Worldwide Life Insurance Company Limited
Cigna International Health Services Sdn Bhd.
*Cigna Life Insurance New Zealand Limited
Grown Ups New Zealand Limited
Cigna New Zealand Holdings Limited
Cigna New Zealand Finance Limited
OnePath Life (NC) Limited
*Cigna Life Insurance Company of Canada(AA-1560515)
Cigna Korea Chusik Heosa (A/K/A Cigna Korea Company Limited)
LINA Financial Service
Cigna Nederland Gamma B.V.
Cigna Finans Emeklilik Ve Hayat A.S.
RHP (Thailand) Limited
*Cigna Brokerage & Marketing (Thailand) Limited
KDM (Thailand) Limited
*Cigna Insurance Public Company Limited
Cigna Taiwan Life Assurance Company Limited
Cigna Myrtle Holdings, Ltd.
Cigna Elmwood Holdings, SPRL
Cigna Beechwood Holdings
Cigna Life Insurance Company of Europe S.A.-N.V.
Cigna Europe Insurance Company S.A.-N.V.
Cigna European Services (UNITED KINGDOM) Limited
Cigna 2000 UNITED KINGDOM Pension LTD
Cigna Oak Holdings, LTD.
Cigna Willow Holdings, LTD.
FirstAssist Administration Limited

SCHEDULE Y
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Cigna Corporation
(A Delaware corporation and ultimate parent company)

Cigna Legal Protection U.K. Ltd.
Cigna Insurance Services (Europe) Ltd.
Cigna International Health Services, BVBA
Cigna International Health Services, LLC
Cigna International Health Services Kenya Limited
Cigna Sequoia Holdings, SPRL
Cigna Cedar Holdings, Ltd.
Cigna Insurance Middle East S.A.L.
Cigna Insurance Management Services (DIFC), Ltd.
Cigna Magnolia Holdings, Ltd.
Cigna Turkey Danismanlik Hizmetleri, A.S (A/K/A Cigna Turkey Consultancy Services, A.S.)
Cigna Nederland Alpha Cooperatief U.A.
Cigna Nederland Beta B.V.
Cigna Health Solution India Pvt. Ltd.
Cigna Poplar Holdings, Inc.
PT GAR Indonesia
PT PGU Indonesia
*Cigna Global Insurance Company Limited
*Cigna TTK Health Insurance Company Limited
*Cigna Worldwide Insurance Company
*PT. Asuransi Cigna
Cigna Teak Holdings, LLC

- Express Scripts Holding Company, Inc.
  - Express Scripts, Inc.
    - Express Scripts Services Co.
    - Diversified Pharmaceutical Services, Inc.
      - Diversified NY IPA, Inc.
    - ESI Mail Pharmacy Service, Inc.
      - Express Scripts Pharmaceutical Procurement, LLC
        - Econdisc Contracting Solutions, LLC
      - Express Scripts Sales Operations, Inc.
    - Express Scripts Specialty Distribution Services, Inc.
    - ESI Partnership (82% Direct ownership, 18% Indirect ownership)
      - ESI Resources, Inc.
    - ESI GP Holdings, Inc.
    - Express Scripts Utilization Management Company
    - Express Scripts Strategic Development, Inc.
    - Airport Holdings, LLC
    - CuraScript, Inc.
      - Priority Healthcare Corporation
        - Lynnfield Drug, Inc.
          - Freedom Service Company, LLC
        - Priority Healthcare Distribution, Inc.
        - Freco, Inc.
        - Lynnfield Compounding Center, Inc.
        - SpectraCare, Inc.
          - SpectraCare Health Care Ventures, Inc.
            - Care Continuum, Inc.
        - Matrix GPO, LLC
        - Healthbridge Reimbursement & Product Support, Inc.
        - Strategic Pharmaceutical Investments, LLC
        - Naryx Pharma, Inc.
    - L&C Investments, LLC
    - Express Scripts Senior Care Holdings, Inc.
      - Express Scripts Senior Care, Inc.
    - ESI Mail Order Processing, Inc. (f/k/a NXI)
    - *Express Reinsurance Company
    - Express Scripts Canada Holding Co.
      - Express Scripts Canada Co.
        - ESI Canada
        - ESI GP Canada ULC
        - ESI GP2 Canada ULC
        - Express Scripts Canada Wholesale
        - Express Scripts Canada Services (Ontario Partnership) (99.9% Direct ownership, 0.1% Indirect ownership)
          - Express Scripts Pharmacy Ontario, Ltd.
          - Express Scripts Pharmacy West, Ltd.
          - Express Scripts Pharmacy Central, Ltd.
          - Express Scripts Pharmacy Atlantic, Ltd.
      - Express Scripts Canada Holding, LLC
    - Healthbridge, Inc.
    - Inside RX, LLC
    - myMatrixx Holdings, LLC
      - Matrix Healthcare Services, Inc.
        - myMatrixx-B, LLC
      - MyM Technology Services, LLC
    - Innovative Product Alignment, LLC
    - Piso Delmatico, LLC (55%)
  - Medco Health Solutions, Inc.
    - MAH Pharmacy, LLC
    - *Medco Containment Life Insurance Company
    - *Medco Containment Insurance Company of NY
    - Accredo Health, Incorporated
      - AHG of New York, Inc.
      - Biopartners in Care, Inc.
      - Accredo Health Group, Inc.
    - Medco Europe, LLC
      - Medco Europe II, LLC
        - MHS Holdings, CV
          - Medco International Holdings, BV
    - Express Scripts Administrators LLC
    - Medco Health Puerto Rico, LLC
    - Systemed, LLC
    - Medco Health Services, Inc.
      - Express Scripts Pharmacy, Inc.
    - Specialty Products Acquisitions, LLC
      - ValoremRx Sourcing Solutions, LLC (50%)
    - SureScripts, LLC (16.67%)
  - Oz Parent, Inc.
    - eviCore 1, LLC
    - eviCore 2, Inc.
    - eviCore 3, LLC
    - eviCore 4, Inc.
    - eviCore 5, LLC
    - eviCore 6, LLC
    - eviCore 8, LLC
    - eviCore 9, LP
    - CareCore National Group, LLC
      - CareCore National Intermediate Holdings, LLC
        - CareCore National, LLC
          - CareNext Post-Acute, LLC
            - CareNext Managed Care, LLC
          - MedSolutions Holdings, Inc.
            - eviCore healthcare MSI, LLC
              - *CareCore NJ, LLC
              - CCN-WNY IPA, LLC
              - CCN NMO, LLC
              - MedSolutions of Texas, Inc.
              - MSI Health Organization of Texas, Inc.
              - Premerus, Inc.
              - Triad Healthcare, Inc.
              - MSIAZ I, LLC
              - MSICA I, LLC
              - MSICO I, LLC
              - MSIFL, LLC
              - MSIMD I, LLC
              - MSINC I, LLC
              - MSINH, LLC

SCHEDULE Y
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Cigna Corporation
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MSINH II, LLC
MSINJ I, LLC
MSINV I, LLC
MSI HT, LLC
MSI LT, LLC
MSI SAR-GW, LLC
MSISC II, LLC
MSIVT I, LLC
MSIWA, LLC
Palladian Independent Practice Association, LLC
Palladian Health of Florida, LLC
  Chiro Alliance Corporation
AS Acquisition Corp.
  HealthFortis, Inc.
  DNA Direct, Inc.
  Landmark Healthcare, Inc.
    Landmark Healthcare Services, Inc.
    Landmark Healthcare Colorado, Inc.
QPID Health, LLC

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Statement of Revenue and Expenses Line 6

		Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
0604.	Other Income	XXX		(1,880)
0697.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	(1,880)

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 25

		Claim Adjustment Expenses 1 Cost Containment Expenses	Claim Adjustment Expenses 2 Other Claim Adjustment Expenses	3 General Administrative Expenses	4 Investment Expenses	5 Total
2504.	Stipends - Medical Director	631,381		50,112		681,493
2505.	Stipends - Key Physician Fees			58,438		58,438
2506.	Partnership for Quality			40,659		40,659
2597.	Summary of remaining write-ins for Line 25 from overflow page	631,381	0	149,209	0	780,590

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

ANNUAL STATEMENT BLANK (Continued)