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# HEALTH QUARTERLY STATEMENT

**As of March 31, 2015**

of the Condition and Affairs of the

# USAble Mutual Insurance Company

NAIC Group Code.....876, 876 (Current Period) (Prior Period) NAIC Company Code..... 83470 Employer's ID Number..... 71-0226428

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

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

Incorporated/Organized..... December 10, 1948 Commenced Business..... March 2, 1949

| | | |
|---|---|---|
| Statutory Home Office | 601 S. Gaines….. Little Rock ..... AR ..... US ..... 72201<br>*(Street and Number) (City or Town, State, Country and Zip Code)* | |
| Main Administrative Office | 601 S. Gaines….. Little Rock ..... AR ..... US ..... 72201<br>*(Street and Number) (City or Town, State, Country and Zip Code)* | 501-378-2000<br>*(Area Code) (Telephone Number)* |
| Mail Address | 601 S. Gaines….. Little Rock ..... AR ..... US ..... 72201<br>*(Street and Number) (City or Town, State, Country and Zip Code)* | |
| Primary Location of Books and Records | 601 S. Gaines….. Little Rock ..... AR ..... US ..... 72201<br>*(Street and Number) (City or Town, State, Country and Zip Code)* | 501-378-2000<br>*(Area Code) (Telephone Number)* |
| Internet Web Site Address | www.arkansasbluecross.com | |
| Statutory Statement Contact | Scott Bradley Winter<br>*(Name)* | 501-399-3951<br>*(Area Code) (Telephone Number) (Extension)* |
| | sbwinter@arkbluecross.com<br>*(E-Mail Address)* | 501-378-3258<br>*(Fax Number)* |

## OFFICERS

| Name | Title | Name | Title |
|---|---|---|---|
| 1. Paul Mark White | President / CEO | 2. James Lee Douglass | Secretary |
| 3. Gray Donald Dillard | Treasurer / CFO | 4. Michael Wayne Brown | Executive Vice President / COO |

## OTHER

Stephen William Abell
James Robert Bailey
Curtis Edwin Barnett
Alicia Marie Berkemeyer
Judy Dawn Blevins
James Daniel Bloodworth
David Frank Bridges
Martha Lynn Carlson
Richard Shelby Cooper
Ronald Walter DeBerry
David Franklin Greenwood, Jr.
Robert Franklin Griffin, MD
James Robert Heard III
Kimberly Ann Henderson
Calvin Eugene Kellogg
Karen Cox Raley
Kathleen O'Dea Ryan
Philip Eugene Sherrill
Steven Aaron Spaulding
Samuel Carl Vorderstrasse

## DIRECTORS OR TRUSTEES



State of........ Arkansas
County of..... Pulaski

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

| | | |
|---|---|---|
| (Signature) | (Signature) | (Signature) |
| Paul Mark White | James Lee Douglass | Gray Donald Dillard |
| 1. (Printed Name) | 2. (Printed Name) | 3. (Printed Name) |
| President / CEO | Secretary | Treasurer / CFO |
| (Title) | (Title) | (Title) |

Subscribed and sworn to before me

This ______ day of ______________

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 Statement Date | | | 4 |
|---|---|---|---|---|
| | 1<br>Assets | 2<br>Nonadmitted Assets | 3<br>Net Admitted Assets (Cols. 1 - 2) | Prior Year Net Admitted Assets |
| 1. Bonds | 497,292,302 | | 497,292,302 | 522,778,766 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | | | 0 | |
| 2.2 Common stocks | 304,770,421 | | 304,770,421 | 310,600,378 |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens | | | 0 | |
| 3.2 Other than first liens | | | 0 | |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less $..........0 encumbrances) | 40,264,988 | | 40,264,988 | 37,928,974 |
| 4.2 Properties held for the production of income (less $..........0 encumbrances) | 7,529,670 | | 7,529,670 | 7,529,669 |
| 4.3 Properties held for sale (less $..........0 encumbrances) | | | 0 | |
| 5. Cash ($.....43,938,071), cash equivalents ($..........0) and short-term investments ($.....272,455,958) | 316,394,029 | | 316,394,029 | 304,336,693 |
| 6. Contract loans (including $..........0 premium notes) | | | 0 | |
| 7. Derivatives | | | 0 | |
| 8. Other invested assets | 80,183,629 | | 80,183,629 | 78,818,243 |
| 9. Receivables for securities | | | 0 | 2,031,282 |
| 10. Securities lending reinvested collateral assets | | | 0 | |
| 11. Aggregate write-ins for invested assets | 2,406,090 | 0 | 2,406,090 | 2,422,366 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 1,248,841,129 | 0 | 1,248,841,129 | 1,266,446,371 |
| 13. Title plants less $..........0 charged off (for Title insurers only) | | | 0 | |
| 14. Investment income due and accrued | 4,061,922 | | 4,061,922 | 3,750,438 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | | | 0 | |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums) | | | 0 | |
| 15.3 Accrued retrospective premiums | 121,459,062 | 3,060,320 | 118,398,742 | 115,535,135 |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 57,289,619 | | 57,289,619 | 47,292,660 |
| 16.2 Funds held by or deposited with reinsured companies | | | 0 | |
| 16.3 Other amounts receivable under reinsurance contracts | | | 0 | |
| 17. Amounts receivable relating to uninsured plans | 41,123,146 | | 41,123,146 | 38,480,526 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | 6,569,250 |
| 18.2 Net deferred tax asset | 74,918,887 | 55,845,275 | 19,073,612 | 10,584,204 |
| 19. Guaranty funds receivable or on deposit | | | 0 | |
| 20. Electronic data processing equipment and software | 13,552,324 | 7,290,704 | 6,261,620 | 5,915,370 |
| 21. Furniture and equipment, including health care delivery assets ($..........0) | 15,101,441 | 15,101,441 | 0 | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | |
| 23. Receivables from parent, subsidiaries and affiliates | 10,323,027 | | 10,323,027 | 8,371,566 |
| 24. Health care ($.....15,876,256) and other amounts receivable | 43,991,157 | 1,943,605 | 42,047,552 | 33,576,633 |
| 25. Aggregate write-ins for other than invested assets | 60,707,813 | 14,797,419 | 45,910,394 | 44,316,890 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25) | 1,691,369,527 | 98,038,764 | 1,593,330,763 | 1,580,839,043 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | |
| 28. Total (Lines 26 and 27) | 1,691,369,527 | 98,038,764 | 1,593,330,763 | 1,580,839,043 |

## DETAILS OF WRITE-INS

| | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| 1101. Deposits with National Accounts | 2,406,090 | | 2,406,090 | 2,422,366 |
| 1102. | | | 0 | |
| 1103. | | | 0 | |
| 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) | 2,406,090 | 0 | 2,406,090 | 2,422,366 |
| 2501. Supplemental Savings Plan | 37,995,247 | | 37,995,247 | 36,361,904 |
| 2502. Risk Adjustment Receivable | 7,500,000 | | 7,500,000 | 7,500,000 |
| 2503. Other Assets | 415,147 | | 415,147 | 454,986 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 14,797,419 | 14,797,419 | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above) | 60,707,813 | 14,797,419 | 45,910,394 | 44,316,890 |

# LIABILITIES, CAPITAL AND SURPLUS

| | | Current Period 1 Covered | 2 Uncovered | 3 Total | Prior Year 4 Total |
|---|---|---|---|---|---|
| 1. | Claims unpaid (less $.....4,791,474 reinsurance ceded) | 213,457,133 | 486,182 | 213,943,315 | 207,147,714 |
| 2. | Accrued medical incentive pool and bonus amounts | 415,252 | | 415,252 | 415,253 |
| 3. | Unpaid claims adjustment expenses | 7,003,657 | | 7,003,657 | 6,935,324 |
| 4. | Aggregate health policy reserves, including the liability of $.....3,294,868 for medical loss ratio rebate per the Public Health Service Act | 138,569,167 | | 138,569,167 | 136,049,271 |
| 5. | Aggregate life policy reserves | | | 0 | |
| 6. | Property/casualty unearned premium reserve | | | 0 | |
| 7. | Aggregate health claim reserves | | | 0 | |
| 8. | Premiums received in advance | 20,759,570 | | 20,759,570 | 17,914,435 |
| 9. | General expenses due or accrued | 261,850,867 | | 261,850,867 | 272,031,566 |
| 10.1 | Current federal and foreign income tax payable and interest thereon (including $..........0 on realized gains (losses)) | 3,292,752 | | 3,292,752 | |
| 10.2 | Net deferred tax liability | | | 0 | |
| 11. | Ceded reinsurance premiums payable | 4,198,427 | | 4,198,427 | 7,841,698 |
| 12. | Amounts withheld or retained for the account of others | 51,704,367 | | 51,704,367 | 37,872,726 |
| 13. | Remittances and items not allocated | 10,508,916 | | 10,508,916 | 7,274,168 |
| 14. | Borrowed money (including $..........0 current) and interest thereon $..........0 (including $..........0 current) | | | 0 | |
| 15. | Amounts due to parent, subsidiaries and affiliates | 1,430,982 | | 1,430,982 | 1,209,806 |
| 16. | Derivatives | | | 0 | |
| 17. | Payable for securities | | | 0 | 17,867,498 |
| 18. | Payable for securities lending | | | 0 | |
| 19. | Funds held under reinsurance treaties with ($..........0 authorized reinsurers, $..........0 unauthorized reinsurers and certified $..........0 reinsurers) | | | 0 | |
| 20. | Reinsurance in unauthorized and certified ($..........0) companies | | | 0 | |
| 21. | Net adjustments in assets and liabilities due to foreign exchange rates | | | 0 | |
| 22. | Liability for amounts held under uninsured plans | 31,076,733 | | 31,076,733 | 30,372,120 |
| 23. | Aggregate write-ins for other liabilities (including $..........0 current) | 18,054,075 | 0 | 18,054,075 | 17,865,085 |
| 24. | Total liabilities (Lines 1 to 23) | 762,321,898 | 486,182 | 762,808,080 | 760,796,664 |
| 25. | Aggregate write-ins for special surplus funds | XXX | XXX | 8,970,000 | 32,440,000 |
| 26. | Common capital stock | XXX | XXX | | |
| 27. | Preferred capital stock | XXX | XXX | | |
| 28. | Gross paid in and contributed surplus | XXX | XXX | | |
| 29. | Surplus notes | XXX | XXX | | |
| 30. | Aggregate write-ins for other than special surplus funds | XXX | XXX | 0 | 0 |
| 31. | Unassigned funds (surplus) | XXX | XXX | 821,552,683 | 787,602,378 |
| 32. | Less treasury stock, at cost: | | | | |
| | 32.1 .....0.000 shares common (value included in Line 26 $..........0) | XXX | XXX | | |
| | 32.2 .....0.000 shares preferred (value included in Line 27 $..........0) | XXX | XXX | | |
| 33. | Total capital and surplus (Lines 25 to 31 minus Line 32) | XXX | XXX | 830,522,683 | 820,042,378 |
| 34. | Total liabilities, capital and surplus (Lines 24 and 33) | XXX | XXX | 1,593,330,763 | 1,580,839,042 |

**DETAILS OF WRITE-INS**

| | | | | | |
|---|---|---|---|---|---|
| 2301. | Deferred Gain on Capitalization of joint venture | 19,617,685 | | 19,617,685 | 19,617,685 |
| 2302. | Miscellaneous | (1,563,610) | | (1,563,610) | (1,752,600) |
| 2303. | | | | 0 | |
| 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) | 18,054,075 | 0 | 18,054,075 | 17,865,085 |
| 2501. | 2016 ACA Insurer Fee Estimate | XXX | XXX | 8,970,000 | 32,440,000 |
| 2502. | | | | | |
| 2503. | | | | | |
| 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 | 8,970,000 | 32,440,000 |
| 3001. | | | | | |
| 3002. | | | | | |
| 3003. | | | | | |
| 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 To Date 1 Uncovered | Current Year To Date 2 Total | Prior Year To Date 3 Total | Prior Year Ended December 31 4 Total |
|---|---|---|---|---|
| 1. Member months | XXX | 1,958,593 | 1,594,711 | 7,083,695 |
| 2. Net premium income (including $..........0 non-health premium income) | XXX | 557,773,066 | 437,297,656 | 1,986,128,828 |
| 3. Change in unearned premium reserves and reserve for rate credits | XXX | (3,059,439) | (3,247,332) | (2,573,431) |
| 4. Fee-for-service (net of $..........0 medical expenses) | XXX | | | |
| 5. Risk revenue | XXX | | | |
| 6. Aggregate write-ins for other health care related revenues | XXX | 0 | 0 | 0 |
| 7. Aggregate write-ins for other non-health revenues | XXX | 0 | 0 | 0 |
| 8. Total revenues (Lines 2 to 7) | XXX | 554,713,627 | 434,050,324 | 1,983,555,398 |
| **Hospital and Medical:** | | | | |
| 9. Hospital/medical benefits | | 305,640,606 | 259,235,765 | 1,264,122,877 |
| 10. Other professional services | | 8,191,534 | 7,175,384 | 30,468,638 |
| 11. Outside referrals | | | | |
| 12. Emergency room and out-of-area | | 41,186,313 | 40,784,229 | 171,632,246 |
| 13. Prescription drugs | | 93,724,684 | 56,312,115 | 208,776,958 |
| 14. Aggregate write-ins for other hospital and medical | 0 | 0 | 0 | 0 |
| 15. Incentive pool, withhold adjustments and bonus amounts | | 378,930 | 67,595 | 705,244 |
| 16. Subtotal (Lines 9 to 15) | 0 | 449,122,067 | 363,575,088 | 1,675,705,963 |
| **Less:** | | | | |
| 17. Net reinsurance recoveries | | (1,823,203) | (640,266) | 17,328,441 |
| 18. Total hospital and medical (Lines 16 minus 17) | 0 | 450,945,270 | 364,215,354 | 1,658,377,522 |
| 19. Non-health claims (net) | | | | |
| 20. Claims adjustment expenses, including $.....294,878 cost containment expenses | | 19,324,533 | 11,251,986 | 106,161,287 |
| 21. General administrative expenses | | 76,205,699 | 61,827,071 | 167,872,733 |
| 22. Increase in reserves for life and accident and health contracts (including $..........0 increase in reserves for life only) | | (709,542) | (1,879,855) | (4,727,931) |
| 23. Total underwriting deductions (Lines 18 through 22) | 0 | 545,765,960 | 435,414,556 | 1,927,683,611 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) | XXX | 8,947,667 | (1,364,232) | 55,871,787 |
| 25. Net investment income earned | | 2,763,006 | 2,513,784 | 11,698,133 |
| 26. Net realized capital gains (losses) less capital gains tax of $.....987,189 | | 790,721 | 2,307,404 | (125,714) |
| 27. Net investment gains or (losses) (Lines 25 plus 26) | 0 | 3,553,727 | 4,821,188 | 11,572,419 |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $..........0) (amount charged off $..........0)] | | | | |
| 29. Aggregate write-ins for other income or expenses | 0 | (95,960) | (102,264) | (126,070) |
| 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 | 12,405,434 | 3,354,692 | 67,318,136 |
| 31. Federal and foreign income taxes incurred | XXX | 8,874,813 | 6,074,612 | 21,326,799 |
| 32. Net income (loss) (Lines 30 minus 31) | XXX | 3,530,621 | (2,719,920) | 45,991,337 |

**DETAILS OF WRITE-INS**

| | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| 0601. | XXX | | | |
| 0602. | XXX | | | |
| 0603. | XXX | | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | XXX | 0 | 0 | 0 |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) | XXX | 0 | 0 | 0 |
| 0701. | XXX | | | |
| 0702. | XXX | | | |
| 0703. | XXX | | | |
| 0798. Summary of remaining write-ins for Line 7 from overflow page | XXX | 0 | 0 | 0 |
| 0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above) | XXX | 0 | 0 | 0 |
| 1401. | | | | |
| 1402. | | | | |
| 1403. | | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | 0 | 0 | 0 | 0 |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above) | 0 | 0 | 0 | 0 |
| 2901. Miscellaneous Income/Expense | | (95,160) | (86,308) | (370,227) |
| 2902. Regional Management Fees | | | (15,106) | 213,783 |
| 2903. State Tax Expense | | (800) | (850) | 30,374 |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | 0 | 0 | 0 | 0 |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above) | 0 | (95,960) | (102,264) | (126,070) |

# STATEMENT OF REVENUE AND EXPENSES (Continued)

| CAPITAL AND SURPLUS ACCOUNT | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year<br>Ended December 31 |
|---|---|---|---|
| 33. Capital and surplus prior reporting year | 820,042,378 | 767,191,084 | 767,191,084 |
| 34. Net income or (loss) from Line 32 | 3,530,621 | (2,719,920) | 45,991,337 |
| 35. Change in valuation basis of aggregate policy and claim reserves | | | |
| 36. Change in net unrealized capital gains (losses) less capital gains tax of $..........0 | (453,898) | 4,650,720 | (717,361) |
| 37. Change in net unrealized foreign exchange capital gain or (loss) | (200,279) | 1,776,612 | (2,620,178) |
| 38. Change in net deferred income tax | (6,285,882) | 3,154,602 | 9,435,582 |
| 39. Change in nonadmitted assets | 13,889,744 | (7,043,265) | 680,811 |
| 40. Change in unauthorized and certified reinsurance | | | |
| 41. Change in treasury stock | | | |
| 42. Change in surplus notes | | | |
| 43. Cumulative effect of changes in accounting principles | | | |
| 44. Capital changes: | | | |
| 44.1 Paid in | | | |
| 44.2 Transferred from surplus (Stock Dividend) | | | |
| 44.3 Transferred to surplus | | | |
| 45. Surplus adjustments: | | | |
| 45.1 Paid in | | | |
| 45.2 Transferred to capital (Stock Dividend) | | | |
| 45.3 Transferred from capital | | | |
| 46. Dividends to stockholders | | | |
| 47. Aggregate write-ins for gains or (losses) in surplus | 0 | 62,722 | 81,102 |
| 48. Net change in capital and surplus (Lines 34 to 47) | 10,480,306 | (118,529) | 52,851,293 |
| 49. Capital and surplus end of reporting period (Line 33 plus 48) | 830,522,684 | 767,072,556 | 820,042,378 |

**DETAILS OF WRITE-INS**

| | | | |
|---|---|---|---|
| 4701. Capital Lease Adjustment | | 62,722 | 81,102 |
| 4702. | | | |
| 4703. | | | |
| 4798. Summary of remaining write-ins for Line 47 from overflow page | 0 | 0 | 0 |
| 4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above) | 0 | 62,722 | 81,102 |

# CASH FLOW

| | | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year Ended<br>December 31 |
|---|---|---|---|---|
| | **CASH FROM OPERATIONS** | | | |
| 1. | Premiums collected net of reinsurance | 553,007,433 | | 1,974,134,187 |
| 2. | Net investment income | 4,911,624 | | 16,243,680 |
| 3. | Miscellaneous income | | | |
| 4. | Total (Lines 1 through 3) | 557,919,057 | 0 | 1,990,377,867 |
| 5. | Benefit and loss related payments | 458,125,671 | | 1,623,017,317 |
| 6. | Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | |
| 7. | Commissions, expenses paid and aggregate write-ins for deductions | 107,487,575 | | 242,591,148 |
| 8. | Dividends paid to policyholders | | | |
| 9. | Federal and foreign income taxes paid (recovered) net of $..........0 tax on capital gains (losses) | | | 21,664,601 |
| 10. | Total (Lines 5 through 9) | 565,613,246 | 0 | 1,887,273,066 |
| 11. | Net cash from operations (Line 4 minus Line 10) | (7,694,189) | 0 | 103,104,801 |
| | **CASH FROM INVESTMENTS** | | | |
| 12. | Proceeds from investments sold, matured or repaid: | | | |
| | 12.1 Bonds | 26,827,002 | | 79,623,096 |
| | 12.2 Stocks | 6,310,423 | | 6,525,838 |
| | 12.3 Mortgage loans | | | |
| | 12.4 Real estate | | | |
| | 12.5 Other invested assets | | | |
| | 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | | | 4,717 |
| | 12.7 Miscellaneous proceeds | 2,047,558 | | |
| | 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 35,184,983 | 0 | 86,153,651 |
| 13. | Cost of investments acquired (long-term only): | | | |
| | 13.1 Bonds | 4,616,617 | | 231,248,854 |
| | 13.2 Stocks | | | 4,888,746 |
| | 13.3 Mortgage loans | | | |
| | 13.4 Real estate | 3,387,103 | | 7,924,004 |
| | 13.5 Other invested assets | | | |
| | 13.6 Miscellaneous applications | 17,867,498 | | 49,169,932 |
| | 13.7 Total investments acquired (Lines 13.1 to 13.6) | 25,871,218 | 0 | 293,231,536 |
| 14. | Net increase or (decrease) in contract loans and premium notes | | | |
| 15. | Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) | 9,313,765 | 0 | (207,077,885) |
| | **CASH FROM FINANCING AND MISCELLANEOUS SOURCES** | | | |
| 16. | Cash provided (applied): | | | |
| | 16.1 Surplus notes, capital notes | | | |
| | 16.2 Capital and paid in surplus, less treasury stock | | | |
| | 16.3 Borrowed funds | | | |
| | 16.4 Net deposits on deposit-type contracts and other insurance liabilities | | | |
| | 16.5 Dividends to stockholders | | | |
| | 16.6 Other cash provided (applied) | 10,437,759 | | 2,394,457 |
| 17. | Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) | 10,437,759 | 0 | 2,394,457 |
| | **RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS** | | | |
| 18. | Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17) | 12,057,335 | 0 | (101,578,626) |
| 19. | Cash, cash equivalents and short-term investments: | | | |
| | 19.1 Beginning of year | 304,336,692 | | 405,915,318 |
| | 19.2 End of period (Line 18 plus Line 19.1) | 316,394,027 | 0 | 304,336,692 |

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

| | | | | |
|---|---|---|---|---|
| 20.0001 | | | | |

# EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

| | 1<br>Total | Comprehensive (Hospital & Medical)<br>2<br>Individual | 3<br>Group | 4<br>Medicare Supplement | 5<br>Vision Only | 6<br>Dental Only | 7<br>Federal Employees Health Benefit Plan | 8<br>Title XVIII Medicare | 9<br>Title XIX Medicaid | 10<br>Other |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Members at End of:** | | | | | | | | | | |
| 1. Prior Year | 626,471 | 246,210 | 133,081 | 112,895 | 8,876 | 38,808 | 54,372 | 19,997 | | 12,232 |
| 2. First Quarter | 662,786 | 272,848 | 133,644 | 115,426 | 9,488 | 46,212 | 54,558 | 18,752 | | 11,858 |
| 3. Second Quarter | 0 | | | | | | | | | |
| 4. Third Quarter | 0 | | | | | | | | | |
| 5. Current Year | 0 | | | | | | | | | |
| 6. Current Year Member Months | 1,598,593 | 795,625 | 39,135 | 346,343 | 28,576 | 133,376 | 163,624 | 56,220 | | 35,694 |
| **Total Member Ambulatory Encounters for Period:** | | | | | | | | | | |
| 7. Physician | 691,354 | 30,549 | 74,174 | 484,714 | | 101,917 | | | | |
| 8. Non-Physician | 961,559 | 143,550 | 342,192 | 373,900 | | 101,917 | | | | |
| 9. Total | 1,652,913 | 174,099 | 416,366 | 858,614 | 0 | 203,834 | 0 | 0 | 0 | 0 |
| 10. Hospital Patient Days Incurred | 816,174 | 130,465 | 311,809 | 373,900 | | | | | | |
| 11. Number of Inpatient Admissions | 11,605 | 781 | 1,965 | 8,859 | | | | | | |
| 12. Health Premiums Written (a) | 546,090,676 | 234,626,463 | 128,123,825 | 63,569,659 | 672,192 | 9,486,315 | 62,077,239 | 35,151,132 | | 12,383,851 |
| 13. Life Premiums Direct | 0 | | | | | | | | | |
| 14. Property/Casualty Premiums Written | 0 | | | | | | | | | |
| 15. Health Premiums Earned | 543,031,236 | 233,407,935 | 128,111,063 | 62,788,271 | 672,192 | 9,447,398 | 60,931,095 | 35,312,370 | | 12,360,912 |
| 16. Property/Casualty Premiums Earned | 0 | | | | | | | | | |
| 17. Amount Paid for Provision of Health Care Services | 440,329,579 | 194,263,816 | 98,844,483 | 50,856,439 | 414,012 | 7,314,656 | 54,465,826 | 29,385,799 | | 4,784,548 |
| 18. Amount Incurred for Provision of Health Care Services | 449,122,070 | 186,569,639 | 92,947,709 | 64,562,448 | 408,878 | 7,782,656 | 54,448,783 | 31,610,776 | | 10,791,181 |

(a) For health premiums written: Amount of Medicare Title XVIII exempt from state taxes or fees $..........0.

# CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

## Aging Analysis of Unpaid Claims

| 1<br>Account | 2<br>1 - 30 Days | 3<br>31 - 60 Days | 4<br>61 - 90 Days | 5<br>91 - 120 Days | 6<br>Over 120 Days | 7<br>Total |
|---|---|---|---|---|---|---|
| **Claims Unpaid (Reported)** | | | | | | |
| 0399999. Aggregate Accounts Not Individually Listed-Covered | 13,017,070 | 11,586 | 376,246 | 4,693 | 32,706 | 13,442,301 |
| 0499999. Subtotals | 13,017,070 | 11,586 | 376,246 | 4,693 | 32,706 | 13,442,301 |
| 0599999. Unreported Claims and Other Claim Reserves | | | | | | 205,292,489 |
| 0799999. Total Claims Unpaid | | | | | | 218,734,789 |
| 0899999. Accrued Medical Incentive Pool and Bonus Amounts | | | | | | 415,252 |

# UNDERWRITING AND INVESTMENT EXHIBIT

## Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

| Line of Business | Claims Paid Year to Date | | Liability End of Current Quarter | | 5 | 6 |
|---|---|---|---|---|---|---|
| | 1<br>On Claims Incurred Prior to January 1 of Current Year | 2<br>On Claims Incurred During the Year | 3<br>On Claims Unpaid December 31 of Prior Year | 4<br>On Claims Incurred During the Year | Claims Incurred in Prior Years (Columns 1 + 3) | Estimated Claim Reserve and Claim Liability December 31 of Prior Year |
| 1. Comprehensive (hospital and medical) | 107,115,266 | 205,461,057 | 15,970,397 | 123,118,319 | 123,085,663 | 142,069,316 |
| 2. Medicare Supplement | 15,391,588 | 35,464,851 | 1,712,956 | 31,883,394 | 17,104,544 | 19,886,950 |
| 3. Dental only | 1,523,640 | 5,791,016 | 166,687 | 1,710,313 | 1,690,327 | 1,409,000 |
| 4. Vision only | | 414,012 | | 31,318 | 0 | 36,452 |
| 5. Federal Employees Health Benefits Plan | 12,639,664 | 41,826,162 | 2,509,102 | 15,567,037 | 15,148,766 | 18,093,182 |
| 6. Title XVIII - Medicare | 11,560,231 | 17,825,568 | 3,108,481 | 15,102,028 | 14,668,712 | 17,639,724 |
| 7. Title XIX - Medicaid | | | | | 0 | |
| 8. Other health | 57,347 | 4,576,593 | 14,311 | 3,048,971 | 71,658 | 8,013,089 |
| 9. Health subtotal (Lines 1 to 8) | 148,287,736 | 311,359,259 | 23,481,934 | 190,461,380 | 171,769,670 | 207,147,713 |
| 10. Healthcare receivables (a) | 5,121,874 | 10,754,382 | | | 5,121,874 | |
| 11. Other non-health | | | | | 0 | |
| 12. Medical incentive pools and bonus amounts | | 378,930 | 415,252 | | 415,252 | 415,252 |
| 13. Totals (Lines 9-10+11+12) | 143,165,862 | 300,983,807 | 23,897,186 | 190,461,380 | 167,063,048 | 207,562,965 |

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

# NOTES TO FINANCIAL STATEMENTS

**Note 1 - Summary of Significant Accounting Policies**

A. Accounting Practices

| | State of Domicile | 2015 | 2014 |
|---|---|---|---|
| **NET INCOME** | | | |
| (1) USAble Mutual Insurance Company state basis (Page 4, Line 32, Columns 2 & 4) | AR | 3,530,621 | 45,991,337 |
| (2) State Prescribed Practices that increase/decrease NAIC SAP | | | |
| | | | |
| (3) State Permitted Practices that increase/decrease NAIC SAP | | | |
| | | | |
| (4) NAIC SAP (1 – 2 – 3 = 4) | AR | 3,530,621 | 45,991,337 |
| **SURPLUS** | | | |
| (5) USAble Mutual Insurance Company state basis (Page 3, line 33, Columns 3 & 4) | AR | 830,522,683 | 820,042,378 |
| (6) State Prescribed Practices that increase/decrease NAIC SAP | | | |
| | | | |
| (7) State Permitted Practices that increase/decrease NAIC SAP | | | |
| | | | |
| (8) NAIC SAP (5 – 6 – 7 = 8) | AR | 830,522,683 | 820,042,378 |

C. Accounting Policy

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

No significant change.

**Note 3 - Business Combinations and Goodwill**

No significant change.

**Note 4 - Discontinued Operations**

No significant change.

**Note 5 - Investments**

D. Loan-Backed Securities

(1)

| | | | 1 | 2 | 3 |
|---|---|---|---|---|---|
| (2) | | | Amortized Cost Basis Before Other-than-Temporary Impairment | Other-than-Temporary Impairment Recognized in Loss | Fair Value 1 – 2 |
| | OTTI recognized 1st Quarter | | | | |
| | a. | Intent to sell | | | |
| | b. | Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis | | | |
| | c. | Total 1st Quarter | | | |
| | OTTI recognized 2nd Quarter | | | | |
| | d. | Intent to sell | | | |
| | e. | Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis | | | |
| | f. | Total 2nd Quarter | | | |
| | OTTI recognized 3rd Quarter | | | | |
| | g. | Intent to sell | | | |
| | h. | Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis | | | |
| | i. | Total 4th Quarter | | | |
| | OTTI recognized 4th Quarter | | | | |
| | j. | Intent to sell | | | |
| | k. | Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis | | | |

# NOTES TO FINANCIAL STATEMENTS

| | | | | |
|---|---|---|---|---|
| l. | Total 4th Quarter | | | |
| m. | Annual aggregate total | XXX | | XXX |

(3) Recognized OTTI securities

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

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

| | | | | |
|---|---|---|---|---|
| a. | The aggregate amount of unrealized losses: | 1. | Less than 12 Months | |
| | | 2. | 12 Months or Longer | |
| b. | The aggregate related fair value of securities with unrealized losses: | 1. | Less than12 Months | |
| | | 2. | 12 Months or Longer | |

E. Repurchase Agreements and/or Securities Lending Transactions

(3) Collateral Received

b. The fair value of that collateral and of the portion of that collateral that it has sold or repledged

I. Working Capital Finance Investments

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

| | | Book/Adjusted Carrying Value |
|---|---|---|
| (a) | Up to 180 Days | |
| (b) | 181 to 365 Days | |
| (c) | Total | |

(3)

J. Offsetting and Netting of Assets and Liabilities

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

* For derivative assets and derivative liabilities, the amount offset shall agree to Schedule DB, Part D, Section 1.

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

No significant change.

**Note 7 - Investment Income**

No significant change.

**Note 8 - Derivative Instruments**

No significant change.

**Note 9 - Income Taxes**

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

1.

| | 03/31/15 | | |
|---|---|---|---|
| | (1) Ordinary | (2) Capital | (3) (Col 1+2) Total |
| ( a) Gross Deferred Tax Assets | 101,013,340 | 11,002,459 | 112,015,799 |
| ( b) Statutory Valuation Allowance Adjustment | 0 | 0 | 0 |
| ( c) Adjusted Gross Deferred Tax Assets (1a - 1b) | 101,013,340 | 11,002,459 | 112,015,799 |
| ( d) Deferred Tax Assets Nonadmitted | 55,845,275 | 0 | 55,845,275 |
| ( e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d) | 45,168,065 | 11,002,459 | 56,170,524 |
| ( f) Deferred Tax Liabilities | 282,601 | 36,814,310 | 37,096,912 |

# NOTES TO FINANCIAL STATEMENTS

| | | | |
|---|---|---|---|
| ( g) Net Admitted Deferred Tax Assets/(Net Deferred Liab) (1e - 1f) | 44,885,464 | (25,811,851) | 19,073,613 |

| | 12/31/14 | | |
|---|---|---|---|
| | (4) Ordinary | (5) Capital | (6) (Col 4+5) Total |
| ( a) Gross Deferred Tax Assets | 107,259,586 | 11,002,459 | 118,262,045 |
| ( b) Statutory Valuation Allowance Adjustment | 0 | 0 | 0 |
| ( c) Adjusted Gross Deferred Tax Assets (1a - 1b) | 107,259,586 | 11,002,459 | 118,262,045 |
| ( d) Deferred Tax Assets Nonadmitted | 69,691,445 | 0 | 69,691,445 |
| ( e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d) | 37,568,141 | 11,002,459 | 48,570,600 |
| ( f) Deferred Tax Liabilities | 313,561 | 37,672,836 | 37,986,397 |
| ( g) Net Admitted Deferred Tax Assets/(Net Deferred Liab) (1e - 1f) | 37,254,580 | (26,670,377) | 10,584,204 |

| | Change | | |
|---|---|---|---|
| | (7) (Col 1-4) Ordinary | (8) (Col 2-5) Capital | (9) (Col 3-6) Total |
| ( a) Gross Deferred Tax Assets | (6,246,246) | 0 | (6,246,246) |
| ( b) Statutory Valuation Allowance Adjustment | 0 | 0 | 0 |
| ( c) Adjusted Gross Deferred Tax Assets (1a - 1b) | (6,246,246) | 0 | (6,246,246) |
| ( d) Deferred Tax Assets Nonadmitted | (13,846,170) | 0 | (13,846,170) |
| ( e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d) | 7,599,924 | 0 | 7,599,924 |
| ( f) Deferred Tax Liabilities | (30,960) | (858,525) | (889,485) |
| ( g) Net Admitted Deferred Tax Assets/(Net Deferred Liab) (1e - 1f) | 7,630,884 | 858,525 | 8,489,409 |

2.

| | 03/31/15 | | |
|---|---|---|---|
| | (1) Ordinary | (2) Capital | (3) (Col 1+2) Total |
| **Admission Calculation Components - SSAP 101** | | | |
| ( a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks | 17,787,539 | 0 | 17,787,539 |
| ( b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Asset from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below) | 27,097,925 | 0 | 27,097,925 |
| 1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date | 27,097,925 | 0 | 27,097,925 |
| 2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold | 27,097,925 | 0 | 110,881,218 |
| ( c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities | 282,601 | 11,002,459 | 11,285,061 |
| ( d) Deferred Tax Assets Admitted as the result of application of SSAP 101 - Total (2(a) + 2(b) + 2( c)) | 45,168,065 | 11,002,459 | 56,170,524 |

| | 12/31/14 | | |
|---|---|---|---|
| | (4) Ordinary | (5) Capital | (6) (Col 4+5) Total |
| **Admission Calculation Components - SSAP 101** | | | |
| ( a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks | 17,511,256 | 0 | 17,511,256 |
| ( b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Asset from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below) | 19,743,324 | 0 | 19,743,324 |

# NOTES TO FINANCIAL STATEMENTS

| | | | |
|---|---|---|---|
| 1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date | 19,743,324 | 0 | 19,743,324 |
| 2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold | 19,743,324 | 0 | 91,355,980 |
| ( c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities | 313,561 | 11,002,459 | 11,316,020 |
| ( d) Deferred Tax Assets Admitted as the result of application of SSAP 101 - Total (2(a) + 2(b) + 2( c)) | 37,568,141 | 11,002,459 | 48,570,600 |

| | Change | | |
|---|---|---|---|
| | (7)<br>(Col 1-4)<br>Ordinary | (8)<br>(Col 2-5)<br>Capital | (9)<br>(Col 3-6)<br>Total |
| **Admission Calculation Components - SSAP 101** | | | |
| ( a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks | 276,283 | 0 | 276,283 |
| ( b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Asset from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below) | 7,354,601 | 0 | 7,354,601 |
| 1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date | 7,354,601 | 0 | 7,354,601 |
| 2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold | 7,354,601 | 0 | 7,354,601 |
| ( c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities | (30,960) | 0 | (30,960) |
| ( d) Deferred Tax Assets Admitted as the result of application of SSAP 101 - Total (2(a) + 2(b) + 2( c)) | 7,599,924 | 0 | 7,599,924 |

3.

| | 2015 | 2014 |
|---|---|---|
| (a) Ratio Percentage used to determine Recovery Period and Threshold Limitation Amount | 983% | 983% |
| (b) Amount of Adjusted Capital and Surplus used to determine Recovery Period and Threshold Limitation in 2(b)2 above | 739,208,120 | 820,042,378 |

4.

| | 03/31/15 | | |
|---|---|---|---|
| | (1)<br>Ordinary | (2)<br>Capital | (3)<br>(Col 1+2)<br>Total |
| **Impact of Tax Planning Strategies** | | | |
| ( a) Determination of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage | 0% | 0% | 0% |
| 1. Adjusted Gross DTAa Amount From Note 9A1( c) | 0% | 0% | 0% |
| 2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies | 0% | 0% | 0% |
| 3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e) | 0% | 0% | 0% |
| 4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies | 0% | 0% | 0% |

| | 12/31/14 | | |
|---|---|---|---|
| | (4)<br>Ordinary | (5)<br>Capital | (6)<br>(Col 4+5)<br>Total |
| **Impact of Tax Planning Strategies** | | | |

# NOTES TO FINANCIAL STATEMENTS

| | | | |
|---|---|---|---|
| ( a) Determination of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage | 0% | 0% | 0% |
| 1. Adjusted Gross DTAa Amount From Note 9A1( c) | 0% | 0% | 0% |
| 2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies | 0% | 0% | 0% |
| 3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e) | 0% | 0% | 0% |
| 4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies | 0% | 0% | 0% |

| | Change | | |
|---|---|---|---|
| | (7)<br>(Col 1-4)<br>Ordinary | (8)<br>(Col 2-5)<br>Capital | (9)<br>(Col 3-6)<br>Total |
| **Impact of Tax Planning Strategies** | | | |
| ( a) Determination of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage | 0% | 0% | 0% |
| 1. Adjusted Gross DTAa Amount From Note 9A1( c) | 0% | 0% | 0% |
| 2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies | 0% | 0% | 0% |
| 3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e) | 0% | 0% | 0% |
| 4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies | 0% | 0% | 0% |

( b) Does the Company's tax-planning strategies include the use of reinsurance?

Yes ______

No X

B. Regarding deferred tax liabilities that are not recognized:

Not applicable

C. Current and deferred income taxes consist of the following major components

1. Current Income Tax:

| | (1)<br>03/31/15 | (2)<br>12/31/14 | (3)<br>(Col 1-2)<br>Change |
|---|---|---|---|
| ( a) Federal | 8,874,813 | 19,744,854 | (10,870,041) |
| ( b) Foreign | - | - | - |
| ( c) Subtotal | 8,874,813 | 19,744,854 | (10,870,041) |
| ( d) Federal Income Tax on net capital gains | 987,189 | (569,825) | 1,557,014 |
| ( e) Utilization of capital loss carry-forwards | - | - | - |
| ( f) Other | - | 1,581,945 | (1,581,945) |
| ( g) Federal & Foreign income tax incurred | 9,862,002 | 20,756,974 | (10,894,972) |

0

2. Deferred Tax Assets:

| | (1)<br>03/31/15 | (2)<br>12/31/14 | (3)<br>(Col 1-2)<br>Change |
|---|---|---|---|
| (a) Ordinary: | | | |
| (1) Discounting of unpaid losses | 4,650,246 | 4,680,271 | (30,024) |

# NOTES TO FINANCIAL STATEMENTS

| | | | |
|---|---|---|---|
| (2) Unearned premium reserves | - | - | - |
| (3) Policyholder reserves | - | - | - |
| (4) Investments | - | - | - |
| (5) Deferred Acquistion Costs | 6,959,365 | 6,983,564 | (24,199) |
| (6) Policyholder dividends accrual | - | - | - |
| (7) Fixed Assets | 4,349,279 | 4,163,448 | 185,831 |
| (8) Compensation and benefits accrual | 72,121,562 | 70,903,984 | 1,217,578 |
| (9) Pension accrual | - | - | - |
| (10)Receivables - nonadmitted | - | - | - |
| (11)Net operating loss carry-forward | - | - | - |
| (12)Tax credit carry-forward | 11,122,099 | 18,819,803 | (7,697,704) |
| (13)Other | 1,810,788 | 1,708,516 | 102,272 |
| (99) Subtotal - Ordinary | 101,013,340 | 107,259,586 | (6,246,246) |
| | | | |
| (b) Statutory valuation allowance adjustment | - | - | - |
| (c) Nonadmitted - Ordinary | 55,845,275 | 69,691,445 | (13,846,170) |
| | | | |
| (d) Admitted ordinary deferred tax assets (2a99-2b-2c) | 45,168,065 | 37,568,141 | 7,599,924 |
| | | | |
| (e) Capital: | | | |
| (1) Investments | 8,767,347 | 8,767,347 | - |
| (2) Net capital loss carry-forward | - | - | - |
| (3) Real estate | - | - | - |
| (4) Other | 2,235,112 | 2,235,112 | - |
| (99) Subtotal - Capital | 11,002,459 | 11,002,459 | - |
| | | | |
| (f) Statutory valuation allowance adjustment | - | - | - |
| (g) Nonadmitted - Capital | - | - | - |
| | | | |
| (h) Admitted capital deferred tax assets (2a99-2b-2c) | 11,002,459 | 11,002,459 | - |
| | | | |
| (i) Admitted deferred tax assets (2d + 2h) | 56,170,524 | 48,570,600 | 7,599,924 |

3. Deferred Tax Liabilities:

| | (1) 03/31/15 | (2) 12/31/14 | (3) (Col 1-2) Change |
|---|---|---|---|
| (a) Ordinary: | | | |
| (1) Investments | 282,601 | 313,561 | (30,960) |
| (2) Fixed Assets | - | - | - |
| (3) Deferred and uncollected premium | - | - | - |
| (4) Policyholder reserves | - | - | - |
| (5) Other | - | - | - |
| (99) Subtotal - Ordinary | 282,601 | 313,561 | (30,960) |

# NOTES TO FINANCIAL STATEMENTS

| | | | |
|---|---|---|---|
| (b) Capital: | | | |
| (1) Investments | - | - | - |
| Unrealized Capital Gains | 14,230,573 | 15,228,835 | (998,261) |
| Basis diff in partnership investment-LSV | 9,115,513 | 9,115,513 | (0) |
| Unrealized Gain/Loss on partnership-LSV | (1,313,708) | (1,313,708) | 0 |
| Basis diff in Unconsolidated Subs | 14,612,623 | 14,486,531 | 126,092 |
| Unrealized Gain/Loss on Unconsolid Subs | 169,310 | 155,666 | 13,644 |
| Total Investments | 36,814,310 | 37,672,836 | (858,526) |
| (2) Real estate | - | - | - |
| (3) Other | - | - | - |
| (99) Subtotal - Capital | 36,814,310 | 37,672,836 | (858,526) |
| | | | |
| (c) Deferred tax liabilities (3a99 + 3b99h) | 37,096,912 | 37,986,397 | (889,485) |

| | | | |
|---|---|---|---|
| 4. Net Deferred Tax Assets/Liabilities (2i - 3c) | 19,073,613 | 10,584,203 | 8,489,409 |

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

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

| | 03/31/15 | |
|---|---|---|
| | Amounts | Effective Tax Rate % |
| Provision computed at statutory rate | 4,686,402 | 35.0% |
| | | |
| Tax exempt income deduction | (14,083) | -0.1% |
| Dividends received deduction | (138,702) | -1.0% |
| Tax differentials on foreign earnings | 0 | 0.0% |
| Nondeductible expenses | 11,688,429 | 87.3% |
| Tax Credits | (55,513) | -0.4% |
| Rate Differential | 0 | 0.0% |
| Other | (18,649) | -0.1% |
| Total | 16,147,885 | 120.6% |
| | | |
| Federal and foreign income taxes incurred | 8,874,813 | 66.3% |
| Realized capital gains/(losses) tax | 987,189 | 7.4% |
| Change in net deferred income taxes | 6,285,882 | 46.9% |
| Total statutory income taxes | 16,147,884 | 120.6% |

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

1. At the end of the current period the Company did not have any unused operating loss carryforwards available to offset against future taxable income

2. The following is income tax expense for 2012 and 2011 that is available for recoupment in the event of future net losses

| Year | Amount |
|---|---|
| 2015 | 8,925,764 |
| 2014 | 17,900,052 |

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

F. Consolidated Federal Income Tax Return

# NOTES TO FINANCIAL STATEMENTS

1. The Company's federal income tax return is consolidated with the following entities:
   USAble Mutual Insurance Company
   USAble Corporation
   Pinnacle Business Solutions Inc
   Group Service Underwriters Inc

2. The method of allocation among companies is subject to a written agreement, approved by the required authorized officers. The method of allocation chosen is in accordance with IRS Regulation 1.1502-33(d)(2)(I) whereby profitable companies pay tax according to their losses. Intercompany tax balances are paid quarterly based on estimates and settled annually upon the completion of the consolidated tax return.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

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

A. USAble Corporation, 100% owned by USAble Mutual Insurance Company, invested $6,060,000 in New Directions Behavioral Health Holding Company, LLC, March 31, 2015. This additional contribution increased its ownership from 5% to 10%.

B. N/A

C. N/A

D. No significant change.

E. N/A

F. No significant change.

G. N/A

H. N/A

I. N/A

J. N/A

K. N/A

L. N/A

# NOTES TO FINANCIAL STATEMENTS

**Note 11 - Debt**

A. The Company has no capital notes.

B. FHLB (Federal Home Loan Bank) Agreements

(1)

(2) a. FHLB Capital Stock – Aggregate Totals

1. Current Period

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

2. Prior Year

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

b. Membership Stock (Class A and B) Eligible for Redemption

| | | Current Period Total | Not Eligible for Redemption | Less Than 6 Months | 6 Months to Less than 1 Year | 1 to Less than 3 Years | 3 to 5 Years |
|---|---|---|---|---|---|---|---|
| 1. | Class A | | | | | | |
| 2. | Class B | | | | | | |

(3) Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

1. Current Period Total General and Protected Cell Accounts

| | Fair Value | Carrying Value | Aggregate Total Borrowing |
|---|---|---|---|
| Total Collateral Pledged | | | |

2. Current Period General Account

| | Fair Value | Carrying Value | Aggregate Total Borrowing |
|---|---|---|---|
| Total Collateral Pledged | | | |

3. Current Period Protected Cell Accounts

| | Fair Value | Carrying Value | Aggregate Total Borrowing |
|---|---|---|---|
| Total Collateral Pledged | | | |

4. Prior Year Total General and Protected Cell Accounts

| | Fair Value | Carrying Value | Aggregate Total Borrowing |
|---|---|---|---|
| Total Collateral Pledged | | | |

b. Maximum Amount Pledged During Reporting Period

1. Current Period Total General and Protected Cell Accounts

| | Fair Value | Carrying Value | Amount of Borrowed at Time of Maximum Collateral |
|---|---|---|---|
| Maximum Collateral Pledged | | | |

2. Current Period General Account

| | Fair Value | Carrying Value | Amount of Borrowed at Time of Maximum Collateral |
|---|---|---|---|
| Maximum Collateral Pledged | | | |

3. Current Period Protected Cell Accounts

| | Fair Value | Carrying Value | Amount of Borrowed at Time of Maximum Collateral |
|---|---|---|---|
| Maximum Collateral Pledged | | | |

4. Prior Year Total General and Protected Cell Accounts

| | Fair Value | Carrying Value | Amount of Borrowed at Time of Maximum Collateral |
|---|---|---|---|
| Maximum Collateral Pledged | | | |

(4) Borrowing from FHLB

a. Amount as of the Reporting Date

1. Current Period

| | | 1<br>Total | 2<br>Funding Agreements Established |
|---|---|---|---|

# NOTES TO FINANCIAL STATEMENTS

| | | | |
|---|---|---|---|
| (a) | Debt | | |
| (b) | Funding Agreements | | |
| (c) | Other | | |
| (d) | Aggregate Total | | |

2. Prior Year-end

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

b. Maximum Amount During Reporting Period (Current Year)

| | | 1<br>Total |
|---|---|---|
| 1. | Debt | |
| 2. | Funding Agreements | |
| 3. | Other | |
| 4. | Aggregate Total | |

c. FHLB Prepayment Obligations

| | | Does the company have prepayment obligations under the following arrangements? |
|---|---|---|
| 1. | Debt | |
| 2. | Funding Agreements | |
| 3. | Other | |

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

A. Defined Benefit Plan

| (4) | Components of net periodic benefit cost | | Pension Benefits | | Postretirement Benefits | | Postemployment | |
|---|---|---|---|---|---|---|---|---|
| | | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | a. | Service cost | | | 1,179,000 | 1,476,000 | | |
| | b. | Interest cost | | | 6,068,000 | 6,672,000 | | |
| | c. | Expected return on plan assets | | | | | | |
| | d. | Transition asset or obligation | | | | | | |
| | e. | Gains and losses | | | 2,664,000 | 1,001,000 | | |
| | f. | Prior service cost or credit | | | (2,664,000) | (2,745,000) | | |
| | g. | Gain or loss recognized due to a settlements curtailment | | | | | | |
| | h. | Total net periodic benefit cost | | | 7,247,000 | 6,404,000 | | |

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

No significant change.

**Note 14 - Contingencies**

No significant change.

**Note 15 - Leases**

No significant change.

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

No significant change.

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

B. Transfer and Servicing of Financial Assets

(2)
a.
b.
c.
(4)
a.
b.

# NOTES TO FINANCIAL STATEMENTS

C. Wash Sales

(1)

(2) The details by NAIC designation 3 or below, or unrated of securities sold during the period ended, 2015 and reacquired within 30 days of the sale date are:

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

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

No significant change.

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

No significant change.

**Note 20 - Fair Value**

A.

(1) Fair Value Measurements at Reporting Date

| Assets at Fair Value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Industrial Bonds | | 2,135,000 | | 2,135,000 |
| Common Sotck | 82,334,409 | 31,401,598 | | 113,736,007 |
| Total | 82,334,409 | 33,536,598 | | 115,871,007 |

| Liabilities at Fair Value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | | | |
| Total | | | | |

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

| a. Assets | Beginning Balance at Period | Transfers Into Level 3 | Transfers Out of Level 3 | Total Gains and (Losses) Included in Net Income | Total Gains and (Losses) Included in Surplus | Purchases | Issuances | Sales | Settlements | Ending Balance at Period |
|---|---|---|---|---|---|---|---|---|---|---|
| Common Stock | 185,338,953 | | | (530,768) | | | | | | 184,808,185 |
| Total | 185,338,953 | | | (530,768) | | | | | | 184,808,185 |

| b. Liabilities | Beginning Balance at Period | Transfers Into Level 3 | Transfers Out of Level 3 | Total Gains and (Losses) Included in Net Income | Total Gains and (Losses) Included in Surplus | Purchases | Issuances | Sales | Settlements | Ending Balance at Period |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |
| Total | | | | | | | | | | |

(3)

(4)

(5)

B.

C.

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

D. Not Practicable to Estimate Fair Value

| Type of Class or Financial Instrument | Carrying Value | Effective Interest Rate | Maturity Date | Explanation |
|---|---|---|---|---|
| | | 0.000 | | |

**Note 21 - Other Items**

No significant change.

**Note 22 - Events Subsequent**

No significant change.

**Note 23 - Reinsurance**

No significant change.

**Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

E. Risk Sharing Provisions of the Affordable Care Act

# NOTES TO FINANCIAL STATEMENTS

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

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

| | | | |
|---|---|---|---|
| a. | Permanent ACA Risk Adjustment Program | | AMOUNT |
| | Assets | | |
| | 1. | Premium adjustments receivable due to ACA Risk Adjustment | 7,500,000 |
| | Liabilities | | |
| | 2. | Risk adjustment user fees payable for ACA Risk Adjustment | |
| | 3. | Premium adjustments payable due to ACA Risk Adjustment | |
| | Operations (Revenue & Expenses) | | |
| | 4. | Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment | |
| | 5. | Reported in expenses as ACA Risk Adjustment user fees (incurred/paid) | |
| b. | Transitional ACA Reinsurance Program | | |
| | Assets | | |
| | 1. | Amounts recoverable for claims paid due to ACA Reinsurance | 54,280,969 |
| | 2. | Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability) | 7,186,333 |
| | 3. | Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance | |
| | Liabilities | | |
| | 4. | Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium | 7,198,674 |
| | 5. | Ceded reinsurance premiums payable due to ACA Reinsurance | 1,585,501 |
| | 6. | Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance | |
| | Operations (Revenue & Expenses) | | |
| | 7. | Ceded reinsurance premiums due to ACA Reinsurance | 1,585,501 |
| | 8. | Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments | 7,191,110 |
| | 9. | ACA Reinsurance contributions – not reported as ceded premium | 3,577,995 |
| c. | Temporary ACA Risk Corridors Program | | |
| | Assets | | |
| | 1. | Accrued retrospective premium due to ACA Risk Corridors | |
| | Liabilities | | |
| | 2. | Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors | |
| | Operations (Revenue & Expenses) | | |
| | 3. | Effect of ACA Risk Corridors on net premium income (paid/received) | |
| | 4. | Effect of ACA Risk Corridors on change in reserves for rate credits | |

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

| | | | Accrued During the Prior Year on Business Written Before December 31 of the Prior Year | | Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year | | Differences | | Adjustments | | | Unsettled Balances as of the Reporting Date | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Prior Year Accrued Less Payments (Col. 1-3) | Prior Year Accrued Less Payments (Col. 2-4) | To Prior Year Balances | To Prior Year Balances | | Cumulative Balance from Prior Years (Col. 1-3+7) | Cumulative Balance from Prior Years (Col. 2-4+8) |
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | | Receivable | (Payable) | Receivable | (Payable) | Receivable | (Payable) | Receivable | (Payable) | Ref | Receivable | (Payable) |
| a. | Permanent ACA Risk Adjustment Program | | | | | | | | | | | | |
| | 1. | Premium adjustments receivable | 7,500,000 | | | | 7,500,000 | | | | A | 7,500,000 | |
| | 2. | Premium adjustments (payable) | | | | | | | | | B | | |
| | 3. | Subtotal ACA Permanent Risk Adjustment Program | 7,500,000 | | | | 7,500,000 | | | | | 7,500,000 | |
| b. | Transitional ACA Reinsurance Program | | | | | | | | | | | | |
| | 1. | Amounts recoverable for claims paid | 42,398,462 | | | | 42,398,462 | | 9,961,685 | | C | 52,360,147 | |
| | 2. | Amounts recoverable for claims unpaid (contra liability) | 11,877,732 | | | | 11,877,732 | | (11,877,685) | | D | 47 | |
| | 3. | Amounts receivable relating to uninsured plans | | | | | | | | | E | | |
| | 4. | Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premiums | 18,161,392 | | 13,985,746 | | 4,175,645 | | | | F | 4,175,645 | |
| | 5. | Ceded reinsurance premiums payable | 6,955,104 | | 6,955,104 | | | | | | G | | |
| | 6. | Liability for amounts held under uninsured plans | | | | | | | | | H | | |
| | 7. | Subtotal ACA Transitional Reinsurance Program | 79,392,690 | | 20,940,850 | | 58,451,839 | | (1,916,000) | | | 56,535,839 | |
| c. | Temporary ACA Risk Corridors Program | | | | | | | | | | | | |
| | 1. | Accrued retrospective premium | | | | | | | | | I | | |
| | 2. | Reserve for rate credits or policy experience rating refunds | | | | | | | | | J | | |
| | 3. | Subtotal ACA Risk Corridors Program | | | | | | | | | | | |
| d. | Total for ACA Risk Sharing Provisions | | 86,892,690 | | 20,940,850 | | 65,951,839 | | (1,916,000) | | | 64,035,839 | |

Explanations of Adjustments

A.

B.

C.

D.

E.

F.

# NOTES TO FINANCIAL STATEMENTS

G.
H.
I.
J.

**Note 25 - Change in Incurred Claims and Claim Adjustment Expenses**

Reserves as of December 31, 2014 were $207,147,713. As of March 31, 2015, $148,287,736 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are no $23,897,486 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on all lones of insurance. Therefore, there has been a $34,962,491 prior year development since December 31, 2014 to March 31, 2015. The increase 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.

**Note 26 - Intercompany Pooling Arrangements**

No significant change.

**Note 27 - Structured Settlements**

Not applicable.

**Note 28 - Health Care Receivables**

No significant change.

**Note 29 - Participating Policies**

No significant change.

**Note 30 - Premium Deficiency Reserves**

No significant change.

**Note 31 - Anticipated Salvage and Subrogation**

No significant change.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [ X ]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

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

2.2 If yes, date of change: 03/16/2015

3.1 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 and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [ X ]

3.3 If the response to 3.2 is yes, provide a brief description of those changes.

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

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

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---|---|---|
| | | |

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?
If yes, attach an explanation. Yes [ ] No [X] N/A [ ]

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010

6.2 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. 12/31/2010

6.3 State as of what date the latest financial examination report because 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). 05/17/2012

6.4 By what department or departments?

Arkansas Insurance Department

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with the Department? Yes [ ] No [ ] N/A [ X ]

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

7.1 Has this 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 ]

7.2 If yes, give full information:

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

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

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

8.4 If the response to 8.3 is yes, please provide below the names and 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<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---|---|---|---|---|---|
| | | | | | |

9.1 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.

9.11 If the response to 9.1 is No, please explain:

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

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

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

## FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ X ] No [ ]

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

## INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [ X ]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $

13. Amount of real estate and mortgages held in short-term investments: $

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ X ] No [ ]

14.2 If yes, please complete the following:

| | | 1<br>Prior Year-End<br>Book/Adjusted Carrying Value | 2<br>Current Quarter<br>Book/Adjusted Carrying Value |
|---|---|---|---|
| 14.21 | Bonds | $ | $ |
| 14.22 | Preferred Stock | | |
| 14.23 | Common Stock | 185,338,953 | 184,808,185 |
| 14.24 | Short-Term Investments | | |
| 14.25 | Mortgage Loans on Real Estate | | |
| 14.26 | All Other | 78,818,243 | 80,183,629 |
| 14.27 | Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) | $264,157,196 | $264,991,814 |
| 14.28 | Total Investment in Parent included in Lines 14.21 to 14.26 above | $ | $ |

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [ X ]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ]

If no, attach a description with this statement.

16. For the reporting entity's security lending program, state the amount of the following as of current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $

16.3 Total payable for securities lending reported on the liability page: $

17. 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*?

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

| 1<br>Name of Custodian(s) | 2<br>Custodian Address |
|---|---|
| US Bank Institutional Trust and Custody | St. Louis, MO |

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

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|---|---|---|
| | | |

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? No

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

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

17.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

| 1<br>Central Registration Depository | 2<br>Name(s) | 3<br>Address |
|---|---|---|
| 116359 | Foundation Resource Management | 401 W Capital, Ste 501, Little Rock, AR 72201 |

18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Securities Valuation Office* been followed? Yes [ X ] No [ ]

18.2 If no, list exceptions:

# GENERAL INTERROGATORIES (continued)

## PART 2 - HEALTH

1. Operating Percentages:

| | | |
|---|---|---|
| 1.1 | A&H loss percent | 80.8 % |
| 1.2 | A&H cost containment percent | 0.1 % |
| 1.3 | A&H expense percent excluding cost containment expenses | 17.1 % |

| | | |
|---|---|---|
| 2.1 | Do you act as a custodian for health savings accounts? | Yes [ ] No [ X ] |
| 2.2 | If yes, please provide the amount of custodial funds held as of the reporting date. | 0 |
| 2.3 | Do you act as an administrator for health savings accounts? | Yes [ ] No [ X ] |
| 2.4 | If yes, please provide the amount of funds administered as of the reporting date. | 0 |

# SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

| 1<br>NAIC Company Code | 2<br>ID Number | 3<br>Effective Date | 4<br>Name of Reinsurer | 5<br>Domiciliary Jurisdiction | 6<br>Type of Reinsurance Ceded | 7<br>Type of Reinsurer | 8<br>Certified Reinsurer Rating (1 through 6) | 9<br>Effective Date of Certified Reinsuer Rating |
|---|---|---|---|---|---|---|---|---|
| **A&H Non-Affiliates** | | | | | | | | |
| 38245....... | 36-6033921.......... | 01/01/2015 | BCS Insurance Company.................................................................... | OH........... | SSL/G.......... | Authorized........ | .......................... | ......................... |

# SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

| | 1 | Direct Business Only | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| State, Etc. | Active Status | Accident and Health Premiums | Medicare Title XVIII | Medicaid Title XIX | Federal Employees Health Benefits Program Premiums | Life and Annuity Premiums and Other Considerations | Property/ Casualty Premiums | Total Columns 2 through 7 | Deposit-Type Contracts |
| 1. Alabama AL | N | | | | | | | 0 | |
| 2. Alaska AK | N | | | | | | | 0 | |
| 3. Arizona AZ | N | | | | | | | 0 | |
| 4. Arkansas AR | L | 478,696,998 | 1,555,537 | | 62,077,239 | | | 542,329,774 | |
| 5. California CA | N | | | | | | | 0 | |
| 6. Colorado CO | N | | | | | | | 0 | |
| 7. Connecticut CT | N | | | | | | | 0 | |
| 8. Delaware DE | N | | | | | | | 0 | |
| 9. District of Columbia DC | N | | | | | | | 0 | |
| 10. Florida FL | N | | | | | | | 0 | |
| 11. Georgia GA | N | | | | | | | 0 | |
| 12. Hawaii HI | N | | | | | | | 0 | |
| 13. Idaho ID | N | | | | | | | 0 | |
| 14. Illinois IL | N | | | | | | | 0 | |
| 15. Indiana IN | N | | | | | | | 0 | |
| 16. Iowa IA | N | | | | | | | 0 | |
| 17. Kansas KS | N | | | | | | | 0 | |
| 18. Kentucky KY | N | | | | | | | 0 | |
| 19. Louisiana LA | N | | | | | | | 0 | |
| 20. Maine ME | N | | | | | | | 0 | |
| 21. Maryland MD | N | | | | | | | 0 | |
| 22. Massachusetts MA | N | | | | | | | 0 | |
| 23. Michigan MI | N | | | | | | | 0 | |
| 24. Minnesota MN | N | | | | | | | 0 | |
| 25. Mississippi MS | N | | | | | | | 0 | |
| 26. Missouri MO | N | | | | | | | 0 | |
| 27. Montana MT | N | | | | | | | 0 | |
| 28. Nebraska NE | N | | | | | | | 0 | |
| 29. Nevada NV | N | | | | | | | 0 | |
| 30. New Hampshire NH | N | | | | | | | 0 | |
| 31. New Jersey NJ | N | | | | | | | 0 | |
| 32. New Mexico NM | N | | | | | | | 0 | |
| 33. New York NY | N | | | | | | | 0 | |
| 34. North Carolina NC | N | | | | | | | 0 | |
| 35. North Dakota ND | N | | | | | | | 0 | |
| 36. Ohio OH | N | | | | | | | 0 | |
| 37. Oklahoma OK | N | | | | | | | 0 | |
| 38. Oregon OR | N | | | | | | | 0 | |
| 39. Pennsylvania PA | N | | | | | | | 0 | |
| 40. Rhode Island RI | N | | | | | | | 0 | |
| 41. South Carolina SC | N | | | | | | | 0 | |
| 42. South Dakota SD | N | | | | | | | 0 | |
| 43. Tennessee TN | N | | | | | | | 0 | |
| 44. Texas TX | N | 3,760,902 | | | | | | 3,760,902 | |
| 45. Utah UT | N | | | | | | | 0 | |
| 46. Vermont VT | N | | | | | | | 0 | |
| 47. Virginia VA | N | | | | | | | 0 | |
| 48. Washington WA | N | | | | | | | 0 | |
| 49. West Virginia WV | N | | | | | | | 0 | |
| 50. Wisconsin WI | N | | | | | | | 0 | |
| 51. Wyoming WY | N | | | | | | | 0 | |
| 52. American Samoa AS | N | | | | | | | 0 | |
| 53. Guam GU | N | | | | | | | 0 | |
| 54. Puerto Rico PR | N | | | | | | | 0 | |
| 55. U.S. Virgin Islands VI | N | | | | | | | 0 | |
| 56. Northern Mariana Islands MP | N | | | | | | | 0 | |
| 57. Canada CAN | N | | | | | | | 0 | |
| 58. Aggregate Other alien OT | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. Subtotal | XXX | 482,457,900 | 1,555,537 | 0 | 62,077,239 | 0 | 0 | 546,090,676 | 0 |
| 60. Reporting entity contributions for Employee Benefit Plans | XXX | | | | | | | 0 | |
| 61. Total (Direct Business) | (a) 1 | 482,457,900 | 1,555,537 | 0 | 62,077,239 | 0 | 0 | 546,090,676 | 0 |

**DETAILS OF WRITE-INS**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 58001. | | | | | | | 0 | |
| 58002. | | | | | | | 0 | |
| 58003. | | | | | | | 0 | |
| 58998. Summary of remaining write-ins for line 58 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58999. Total (Lines 58001 thru 58003 plus 58998) (Line 58 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

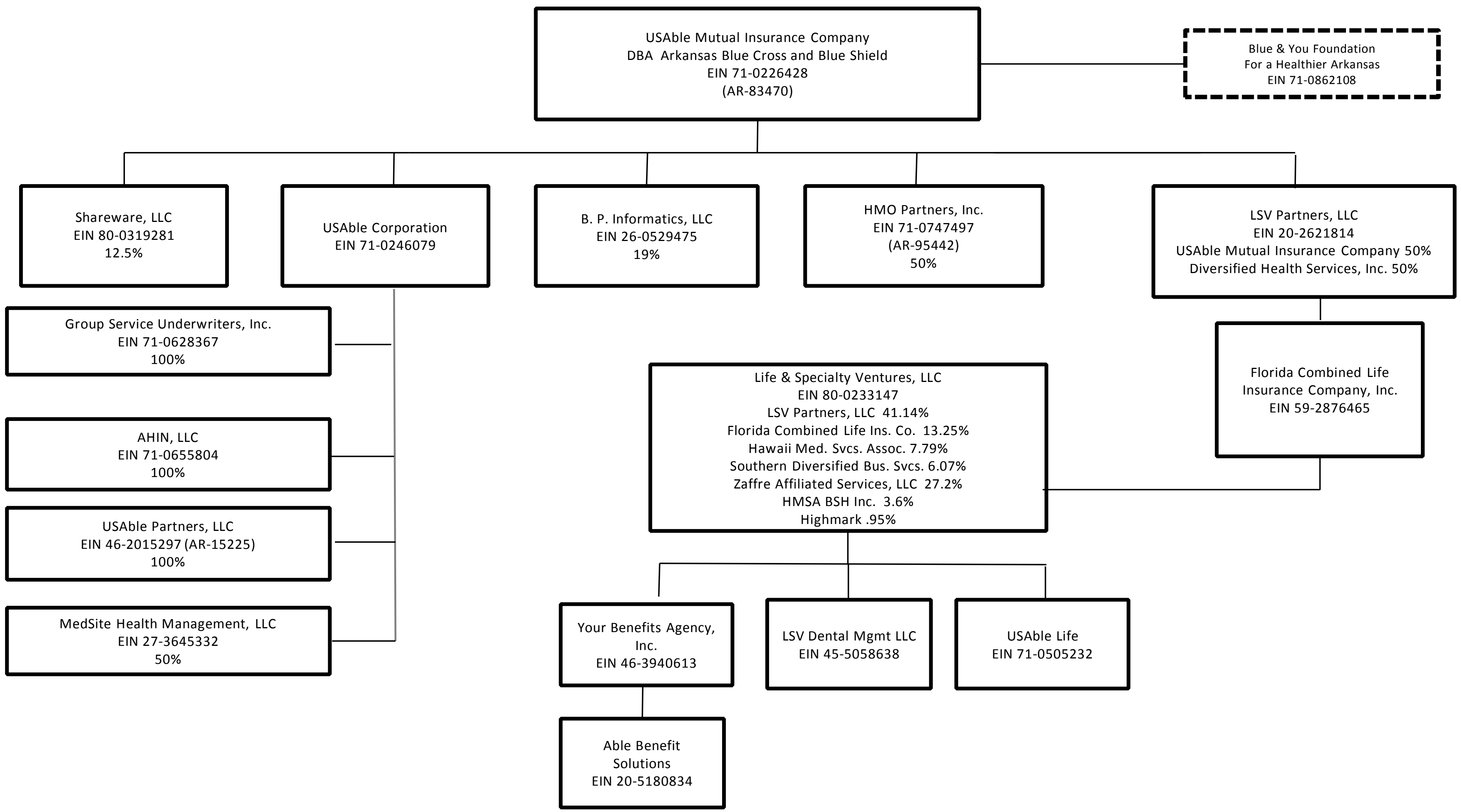
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

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

## PART 1 – ORGANIZATIONAL CHART



# SCHEDULE Y

## PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>ID Number | 5<br>Federal RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Names of Parent, Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity/Person) | 12<br>Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies)/Person(s) | 15<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Members** | | | | | | | | | | | | | | |
| 0876 | USAble Mutual Insurance Company | 83470 | 71-0226428 | | | | USAble Mutual Insurance Company | AR | | USAble Mutual Insurance Company | Board | | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 71-0862108 | | | | Blue & You Foundation | AR | NIA | USAble Mutual Insurance Company | Ownership, Board, Influence | | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 80-0319281 | | | | Shareware, LLC | AR | DS | USAble Mutual Insurance Company | Ownership, Influence | 12.500 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 26-0529475 | | | | B.P. Informatics, LLC | AR | DS | USAble Mutual Insurance Company | Ownership, Influence, Board | 19.085 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 71-0246079 | | | | USAble Corporation | AR | DS | USAble Mutual Insurance Company | Ownership, Board, Influence | 100.000 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | 95442 | 71-0747497 | | | | HMO Partners, Inc | AR | DS | USAble Mutual Insurance Company | Ownership, Board, Influence | 50.000 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 20-2621814 | | | | LSV Partners, LLC | DE | DS | USAble Mutual Insurance Company | Ownership, Board, Influence | 50.000 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 71-0628367 | | | | Group Service Underwriters, Inc | AR | DS | USAble Corporation | Ownership, Influence | 100.000 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 71-0655804 | | | | AHIN, LLC | AR | DS | USAble Corporation | Ownership, Influence | 100.000 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 27-3645332 | | | | MedSite Health Management, LLC | AR | DS | USAble Corporation | Ownership, Board, Influence | 50.000 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | 15225 | 46-2015297 | | | | USAble Partners, LLC | VT | DS | USAble Corporation | Ownership, Board, Influence | 100.000 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | 76031 | 59-2876465 | | | | Florida Combined Life Insurance Co, Inc | FL | IA | LSV Partners, Inc | Ownership, Influence | 100.000 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 80-0233147 | | | | Life & Specialty Ventures, Inc | DE | NIA | Florida Combined Life Insurance Co, Inc | Ownership | 13.250 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 80-0233147 | | | | Life & Specialty Ventures, Inc | DE | NIA | LSV Partners, Inc | Ownership, Board, Influence | 41.140 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 45-5058638 | | | | LSV Dental Management LLC | AR | NIA | Life and Specialty Ventures, LLC | Ownership | 100.000 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 20-5180834 | | | | Able Benefit Solutions | AR | NIA | Life and Specialty Ventures, LLC | Ownership | 100.000 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | 94358 | 71-0505232 | | | | USAble Life | AR | IA | Life and Specialty Ventures, LLC | Ownership | 100.000 | USAble Mutual Insurance Company | |
| 0876 | USAble Mutual Insurance Company | | 46-3940613 | | | | Your Benefits Agency, Inc | AR | NIA | Life and Specialty Ventures, LLC | Ownership | 100.000 | USAble Mutual Insurance Company | |

# SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

| | Response |
|---|---|
| 1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? | SEE EXPLANATION |

**Explanation:**

1. YES

**Bar Code:**

# Overflow Page for Write-Ins

**Additional Write-ins for Assets:**

| | Current Statement Date | | | 4 |
|---|---|---|---|---|
| | 1 | 2 | 3 | |
| | Assets | Nonadmitted Assets | Net Admitted Assets (Cols. 1 - 2) | December 31, Prior Year Net Admitted Assets |
| 2504. Other Nonadmitted Assets | 14,797,419 | 14,797,419 | 0 | |
| 2597. Summary of remaining write-ins for Line 25 | 14,797,419 | 14,797,419 | 0 | 0 |

# SCHEDULE A - VERIFICATION

Real Estate

| | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 45,458,642 | 41,439,112 |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | 3,387,103 | 7,924,004 |
| 3. Current year change in encumbrances | | |
| 4. Total gain (loss) on disposals | | |
| 5. Deduct amounts received on disposals | | |
| 6. Total foreign exchange change in book/adjusted carrying value | | |
| 7. Deduct current year's other than temporary impairment recognized | | |
| 8. Deduct current year's depreciation | 1,051,089 | 3,904,474 |
| 9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8) | 47,794,656 | 45,458,642 |
| 10. Deduct total nonadmitted amounts | | |
| 11. Statement value at end of current period (Line 9 minus Line 10) | 47,794,656 | 45,458,642 |

# SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

| | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|---|---|
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year | 0 | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | |
| 7. Deduct amounts received on disposals | | |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees | | |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest | | |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) | 0 | 0 |
| 12. Total valuation allowance | | |
| 13. Subtotal (Line 11 plus Line 12) | 0 | 0 |
| 14. Deduct total nonadmitted amounts | | |
| 15. Statement value at end of current period (Line 13 minus Line 14) | 0 | 0 |

# SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

| | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 78,818,243 | 70,012,605 |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | 1,365,386 | 8,805,638 |
| 6. Total gain (loss) on disposals | | |
| 7. Deduct amounts received on disposals | | |
| 8. Deduct amortization of premium and depreciation | | |
| 9. Total foreign exchange change in book/adjusted carrying value | | |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) | 80,183,629 | 78,818,243 |
| 12. Deduct total nonadmitted amounts | | |
| 13. Statement value at end of current period (Line 11 minus Line 12) | 80,183,629 | 78,818,243 |

# SCHEDULE D - VERIFICATION

Bonds and Stocks

| | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|---|---|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year | 833,379,144 | 694,628,184 |
| 2. Cost of bonds and stocks acquired | 4,616,617 | 236,137,600 |
| 3. Accrual of discount | 81,173 | 309,709 |
| 4. Unrealized valuation increase (decrease) | (3,182,662) | (2,477,274) |
| 5. Total gain (loss) on disposals | 1,996,342 | 305,460 |
| 6. Deduct consideration for bonds and stocks disposed of | 33,137,425 | 86,148,934 |
| 7. Deduct amortization of premium | 1,490,186 | 5,749,706 |
| 8. Total foreign exchange change in book/adjusted carrying value | (200,279) | (2,620,178) |
| 9. Deduct current year's other than temporary impairment recognized | | 1,005,716 |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 802,062,723 | 833,379,144 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 802,062,723 | 833,379,144 |

# SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

| NAIC Designation | 1<br>Book/Adjusted Carrying Value Beginning of Current Quarter | 2<br>Acquisitions During Current Quarter | 3<br>Dispositions During Current Quarter | 4<br>Non-Trading Activity During Current Quarter | 5<br>Book/Adjusted Carrying Value End of First Quarter | 6<br>Book/Adjusted Carrying Value End of Second Quarter | 7<br>Book/Adjusted Carrying Value End of Third Quarter | 8<br>Book/Adjusted Carrying Value December 31 Prior Year |
|---|---|---|---|---|---|---|---|---|
| BONDS | | | | | | | | |
| 1. NAIC 1 (a) | 750,394,020 | 643,800,407 | 666,000,472 | (6,313,914) | 721,880,041 | | | 750,394,020 |
| 2. NAIC 2 (a) | 38,960,609 | | | 4,757,362 | 43,717,970 | | | 38,960,609 |
| 3. NAIC 3 (a) | 4,110,000 | | | 40,249 | 4,150,249 | | | 4,110,000 |
| 4. NAIC 4 (a) | | | | | | | | |
| 5. NAIC 5 (a) | | | | | | | | |
| 6. NAIC 6 (a) | | | | | | | | |
| 7. Total Bonds | 793,464,629 | 643,800,407 | 666,000,472 | (1,516,303) | 769,748,260 | 0 | 0 | 793,464,629 |
| PREFERRED STOCK | | | | | | | | |
| 8. NAIC 1 | | | | | | | | |
| 9. NAIC 2 | | | | | | | | |
| 10. NAIC 3 | | | | | | | | |
| 11. NAIC 4 | | | | | | | | |
| 12. NAIC 5 | | | | | | | | |
| 13. NAIC 6 | | | | | | | | |
| 14. Total Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Total Bonds and Preferred Stock | 793,464,629 | 643,800,407 | 666,000,472 | (1,516,303) | 769,748,260 | 0 | 0 | 793,464,629 |

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 $..........0; NAIC 2 $..........0; NAIC 3 $..........0; NAIC 4 $..........0; NAIC 5 $..........0; NAIC 6 $..........0.

# SCHEDULE DA - PART 1

Short-Term Investments

| | 1<br>Book/Adjusted<br>Carrying Value | 2<br><br>Par Value | 3<br>Actual<br>Cost | 4<br>Interest Collected<br>Year To Date | 5<br>Paid for Accrued Interest<br>Year To Date |
|---|---|---|---|---|---|
| 9199999 | 272,455,958 | XXX | 272,433,061 | 95 | 11,499 |

# SCHEDULE DA - VERIFICATION

Short-Term Investments

| | 1<br><br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|---|---|---|
| 1. Book/adjusted carrying value, December 31 of prior year | 270,685,863 | 367,987,123 |
| 2. Cost of short-term investments acquired | 639,183,790 | 1,971,003,773 |
| 3. Accrual of discount | 34,807 | 158,134 |
| 4. Unrealized valuation increase (decrease) | | |
| 5. Total gain (loss) on disposals | 5,067 | 4,717 |
| 6. Deduct consideration received on disposals | 637,452,762 | 2,068,467,885 |
| 7. Deduct amortization of premium | 807 | |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) | 272,455,958 | 270,685,863 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 272,455,958 | 270,685,863 |

## Sch. DB-Pt A-Verification
## NONE

## Sch. DB-Pt B-Verification
## NONE

## Sch. DB-Pt C-Sn 1
## NONE

## Sch. DB-Pt C-Sn 2
## NONE

## Sch. DB-Verification
## NONE

## Sch. E-Verification
## NONE

## Sch. A-Pt 2
## NONE

## Sch. A-Pt 3
## NONE

## Sch. B-Pt 2
## NONE

## Sch. B-Pt 3
## NONE

## Sch. BA-Pt 2
## NONE

## Sch. BA-Pt 3
## NONE

# SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

| 1<br>Identification | 2<br>Description | 3<br>Foreign | 4<br>Date Acquired | 5<br>Name of Vendor | 6<br>Number of Shares of Stock | 7<br>Actual Cost | 8<br>Par Value | 9<br>Paid for Accrued Interest and Dividends | 10<br>NAIC Designatino or Market Indicator (a) |
|---|---|---|---|---|---|---|---|---|---|
| **Bonds - U.S. Special Revenue and Special Assessment** | | | | | | | | | |
| 537445 JD 1 | LITTLE RK SWR-SER A | | 03/09/2015 | RAYMOND JAMES/FI | | 1,133,707 | 1,050,000 | 12,767 | 1FE |
| 3199999. Total Bonds - U.S. Special Revenue and Special Assessment | | | | | | 1,133,707 | 1,050,000 | 12,767 | XXX |
| **Bonds - Industrial and Miscellaneous** | | | | | | | | | |
| 191216 BA 7 | COCA-COLA CO/THE | | 02/09/2015 | STERNE, AGEE & LEACH, INC. | | 2,491,150 | 2,500,000 | 10,462 | 1FE |
| 19416Q EB 2 | COLGATE-PALMOLIVE CO | | 01/22/2015 | Southwest Securities | | 991,760 | 1,000,000 | 2,150 | 1FE |
| 3899999. Total Bonds - Industrial and Miscellaneous | | | | | | 3,482,910 | 3,500,000 | 12,612 | XXX |
| 8399997. Total Bonds - Part 3 | | | | | | 4,616,617 | 4,550,000 | 25,378 | XXX |
| 8399999. Total Bonds | | | | | | 4,616,617 | 4,550,000 | 25,378 | XXX |
| 9999999. Total Bonds, Preferred and Common Stocks | | | | | | 4,616,617 | XXX | 25,378 | XXX |

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:...............0.

# SCHEDULE D - PART 4

## Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Change in Book/Adjusted Carrying Value 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CUSIP Identification | Description | Foreign | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consideration | Par Value | Actual Cost | Prior Year Book/Adjusted Carrying Value | Unrealized Valuation Increase/ (Decrease) | Current Year's (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/Adjusted Carrying Value at Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest/Stock Dividends Received During Year | Stated Contractual Maturity Date | NAIC Designation or Market Indicator (a) |
| **Bonds - U.S. Government** | | | | | | | | | | | | | | | | | | | | | |
| 912828 MH 0 | US TREASURY N/B | | 02/01/2015 | VARIOUS | | 7,000,000 | 7,000,000 | 6,977,031 | 6,999,605 | | 395 | | 395 | | 7,000,000 | | | 0 | 78,750 | 01/31/2015 | 1 |
| 0599999. Total Bonds - U.S Government | | | | | | 7,000,000 | 7,000,000 | 6,977,031 | 6,999,605 | 0 | 395 | 0 | 395 | 0 | 7,000,000 | 0 | 0 | 0 | 78,750 | XXX | XXX |
| **Bonds - All Other Government** | | | | | | | | | | | | | | | | | | | | | |
| Q0819A CJ 7 | AUSTRALIAN GOVERNMENT | D | 03/19/2015 | Merrill Lynch | | 9,684,749 | 9,849,658 | 12,303,694 | 10,408,967 | | (38,350) | | (38,350) | 952,029 | 11,322,645 | (1,633,372) | (4,525) | (1,637,896) | 265,456 | 04/15/2015 | 1FE |
| Q6750X HL 5 | NEW ZEALAND GOVERNMENT | D | 03/19/2015 | Merrill Lynch | | 6,792,253 | 6,738,300 | 7,399,990 | 7,053,090 | | (26,570) | | (26,570) | (146,389) | 6,880,131 | (118,291) | 30,413 | (87,878) | 177,768 | 04/15/2015 | 1FE |
| 1099999. Total Bonds - All Other Government | | | | | | 16,477,002 | 16,587,958 | 19,703,684 | 17,462,057 | 0 | (64,920) | 0 | (64,920) | 805,640 | 18,202,777 | (1,751,663) | 25,888 | (1,725,775) | 443,224 | XXX | XXX |
| **Bonds - U.S. Special Revenue and Special Assessment** | | | | | | | | | | | | | | | | | | | | | |
| 745392 HJ 2 | PULASKI HOSP AR CHIL | | 03/01/2015 | Maturity | | 350,000 | 350,000 | 361,393 | 350,448 | | (448) | | (448) | | 350,000 | | | 0 | 5,250 | 03/01/2015 | 1FE |
| 3199999. Total Bonds - U.S. Special Revenue and Special Assessment | | | | | | 350,000 | 350,000 | 361,393 | 350,448 | 0 | (448) | 0 | (448) | 0 | 350,000 | 0 | 0 | 0 | 5,250 | XXX | XXX |
| **Bonds - Industrial and Miscellaneous** | | | | | | | | | | | | | | | | | | | | | |
| 713448 BX 5 | PEPSICO INC | | 03/05/2015 | Maturity | | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | | | | 0 | | 1,000,000 | | | 0 | 3,750 | 03/05/2015 | 1FE |
| 717081 DA 8 | PFIZER INC | | 03/15/2015 | Maturity | | 2,000,000 | 2,000,000 | 2,218,220 | 2,008,586 | | (8,586) | | (8,586) | | 2,000,000 | | | 0 | 53,500 | 03/15/2015 | 1FE |
| 3899999. Total Bonds - Industrial and Miscellaneous | | | | | | 3,000,000 | 3,000,000 | 3,218,220 | 3,008,586 | 0 | (8,586) | 0 | (8,586) | 0 | 3,000,000 | 0 | 0 | 0 | 57,250 | XXX | XXX |
| 8399997. Total Bonds - Part 4 | | | | | | 26,827,002 | 26,937,958 | 30,260,328 | 27,820,696 | 0 | (73,559) | 0 | (73,559) | 805,640 | 28,552,777 | (1,751,663) | 25,888 | (1,725,775) | 584,474 | XXX | XXX |
| 8399999. Total Bonds | | | | | | 26,827,002 | 26,937,958 | 30,260,328 | 27,820,696 | 0 | (73,559) | 0 | (73,559) | 805,640 | 28,552,777 | (1,751,663) | 25,888 | (1,725,775) | 584,474 | XXX | XXX |
| **Common Stocks - Industrial and Miscellaneous** | | | | | | | | | | | | | | | | | | | | | |
| 30162A 10 8 | EXELIS INC | | 02/06/2015 | UBS FINANCIAL SERVICES INC. | 126,300.000 | 3,013,451 | XXX | 1,077,382 | 2,214,039 | (1,136,657) | | | (1,136,657) | | 1,077,382 | | 1,936,070 | 1,936,070 | 13,047 | XXX | L |
| 532457 10 8 | ELI LILLY & CO | | 03/24/2015 | MERRILL LYNCH PIERCE FENNER | 43,120.000 | 3,296,972 | XXX | 1,510,925 | 2,974,849 | (1,463,924) | | | (1,463,924) | | 1,510,925 | | 1,786,047 | 1,786,047 | 21,560 | XXX | L |
| 9099999. Total Common Stocks - Industrial and Miscellaneous | | | | | | 6,310,423 | XXX | 2,588,307 | 5,188,888 | (2,600,581) | 0 | 0 | (2,600,581) | 0 | 2,588,307 | 0 | 3,722,116 | 3,722,116 | 34,607 | XXX | XXX |
| 9799997 Total Common Stocks - Part 4 | | | | | | 6,310,423 | XXX | 2,588,307 | 5,188,888 | (2,600,581) | 0 | 0 | (2,600,581) | 0 | 2,588,307 | 0 | 3,722,116 | 3,722,116 | 34,607 | XXX | XXX |
| 9799999. Total Common Stocks | | | | | | 6,310,423 | XXX | 2,588,307 | 5,188,888 | (2,600,581) | 0 | 0 | (2,600,581) | 0 | 2,588,307 | 0 | 3,722,116 | 3,722,116 | 34,607 | XXX | XXX |
| 9899999. Total Preferred and Common Stocks | | | | | | 6,310,423 | XXX | 2,588,307 | 5,188,888 | (2,600,581) | 0 | 0 | (2,600,581) | 0 | 2,588,307 | 0 | 3,722,116 | 3,722,116 | 34,607 | XXX | XXX |
| 9999999. Total Bonds, Preferred and Common Stocks | | | | | | 33,137,425 | XXX | 32,848,634 | 33,009,584 | (2,600,581) | (73,559) | 0 | (2,674,140) | 805,640 | 31,141,083 | (1,751,663) | 3,748,005 | 1,996,342 | 619,081 | XXX | XXX |

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues: 0.

## Sch. DB-Pt A-Sn 1
## NONE

## Sch. DB-Pt B-Sn 1
## NONE

## Sch. DB-Pt D-Sn 1
## NONE

## Sch. DB-Pt D-Sn 2
## NONE

## Sch. DL-Pt. 1
## NONE

## Sch. DL-Pt. 2
## NONE

# SCHEDULE E - PART 1 - CASH

## Month End Depository Balances

| 1 | | 2 | 3 | 4 | 5 | Book Balance at End of Each Month During Current Quarter | | | 9 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 6 | 7 | 8 | |
| Depository | | Code | Rate of Interest | Amount of Interest Received During Current Quarter | Amount of Interest Accrued at Current Statement Date | First Month | Second Month | Third Month | * |
| **Open Depositories** | | | | | | | | | |
| Bank of America | Little Rock, AR | | | | | 12,557,598 | 31,578 | 282,975 | XXX |
| MAPD ACH | | | | | | 201,062 | 52,061 | 279,328 | XXX |
| MAPD Lockbox | | | | | | | | | XXX |
| MAPD Claim Refunds | | | | | | (241,429) | (95,236) | (72,423) | XXX |
| MAPD Claims | | | | | | | (250) | (820) | XXX |
| MAPD EFT | | | | | | 6,762,522 | 11,694 | 2,831,271 | XXX |
| CASH-PART D ACH | | | | | | 666,779 | 93,429 | 994,333 | XXX |
| CASH-PART D LOCKBOX | | | | | | 81,020 | 1,091,888 | 7,221,417 | XXX |
| General | | | | | | (290,145) | 1,098,755 | (599,387) | XXX |
| Exchange Claims Account | | | | | | (3,979,679) | (3,871,615) | (3,596,212) | XXX |
| Payroll | | | | | | | | | XXX |
| CASH BOA EXCHANGE REC | | | | | | | | | XXX |
| PCIP Claims Account | | | | | | | | | XXX |
| PCIP Lockbox Account | | | | | | | | | XXX |
| Workers Compensation | | | | | | | | | XXX |
| Premium Rebate Fund-BOA | | | | | | | | | XXX |
| FEP Standard EFT | | | | | | | | | XXX |
| FEP EFT Basic Option | | | | | | | | | XXX |
| ASSIGNED GCPS EFT ACC | | | | | | | | | XXX |
| Assigned Medipak EFT | | | | | | 160,570 | 219,376 | 198,521 | XXX |
| Long Term Care | | | | | | | | | XXX |
| Medicare Part D | | | | | | | | | XXX |
| ITS EFT | | | | | | | | | XXX |
| USAA NON BRANDED TPA | | | | | | 5,818,778 | 10,394,255 | 6,119,049 | XXX |
| CASH-BOATMEN'S OPER A | | | | | | 724,682 | 758,488 | 941,093 | XXX |
| CASH-BOATMEN'S REFUND | | | | | | 10,997,624 | 3,788,285 | (1,052,539) | XXX |
| CASH-AMISYS TPA CLAIMS | | | | | | 10,569,115 | 10,596,816 | 11,923,500 | XXX |
| Amisys UMIC Claims | | | | | | 240,313 | 242,072 | 242,072 | XXX |
| CASH-CHIP ACCOUNT | | | | | | 24,945,837 | 13,470,966 | 14,576,105 | XXX |
| CASH-WALMART CLAIMS A | | | | | | | | | XXX |
| CASH-USABLE CORP CHIP | | | | | | | | | XXX |
| CASH-USAL GRP HLTH | | | | | | | | | XXX |
| Bank of America | Vandalia, MO | | | | | (1,962,056) | (3,906,255) | (1,431,145) | XXX |
| Accounts Payable | | | | | | (115,725) | (92,112) | (79,592) | XXX |
| Assigned Benefits EFT | | | | | | (366,067) | (351,391) | (323,801) | XXX |
| Unassigned Benefits | | | | | | | | | XXX |
| Simmons | Pine Bluff, AR | | | | | (177,386) | (141,928) | (92,678) | XXX |
| Hospital | | | | | | (172,905) | (231,815) | (88,005) | XXX |
| Assigned Medipak | | | | | | (627,031) | (572,362) | (602,994) | XXX |
| Unassigned Medipak | | | | | | (9,976) | 2,753,785 | 1,157,709 | XXX |
| Bank Fund Account | | | | | | 1,368 | (2,660) | (261,392) | XXX |
| Accounts Payable | | | | | | 60,561 | 269,344 | 294,572 | XXX |
| FEP Investment Acct | | | | | | (205,904) | (171,138) | (141,357) | XXX |
| FEP Standard Option | | | | | | (104,620) | (67,226) | (60,266) | XXX |
| FEP Basic Option | | | | | | | | | XXX |
| U.S. Bank | St Louis, MO | | | | | 599,613 | 1,701,253 | 2,476,079 | XXX |
| Membrs Lockbox | | | | | | 45,353 | | | XXX |
| Uninvested Cash-Trust | | | | | | 287,421 | 254,473 | 465,593 | XXX |
| Exchange Bank | | | | | | | | | XXX |
| 0199998. Deposits in.....58 depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories | | XXX | XXX | 1,323 | | 2,330,000 | 2,330,000 | 2,330,000 | XXX |
| 0199999. Total Open Depositories | | XXX | XXX | 1,323 | 0 | 68,797,294 | 39,654,528 | 43,931,007 | XXX |
| 0399999. Total Cash on Deposit | | XXX | XXX | 1,323 | 0 | 68,797,294 | 39,654,528 | 43,931,007 | XXX |
| 0499999. Cash in Company's Office | | XXX | XXX | XXX | XXX | 7,064 | 7,064 | 7,064 | XXX |
| 0599999. Total Cash | | XXX | XXX | 1,323 | 0 | 68,804,358 | 39,661,592 | 43,938,071 | XXX |

# SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| Description | Code | Date Acquired | Rate of Interest | Maturity Date | Book/Adjusted Carrying Value | Amount of Interest Due & Accrued | Amount Received During Year |

**NONE**

* 8 3 4 7 0 2 0 1 5 3 6 5 0 0 1 0 1 *

# MEDICARE PART D COVERAGE SUPPLEMENT

(Net of Reinsurance)

NAIC Group Code.....876 NAIC Company Code.....83470

| | Individual Coverage | | Group Coverage | | 5 |
|---|---|---|---|---|---|
| | 1<br>Insured | 2<br>Uninsured | 3<br>Insured | 4<br>Uninsured | Total<br>Cash |
| 1. Premiums collected | 10,746,112 | XXX | 564,051 | XXX | 11,310,163 |
| 2. Earned premiums | 6,893,931 | XXX | 758,496 | XXX | XXX |
| 3. Claims paid | 10,376,176 | XXX | 559,729 | XXX | 10,935,905 |
| 4. Claims incurred | 8,628,978 | XXX | 382,327 | XXX | XXX |
| 5. Reinsurance coverage and low income cost sharing - claims paid net of reimbursements applied (a) | XXX | | XXX | | 0 |
| 6. Aggregate policy reserves - change | | XXX | | XXX | XXX |
| 7. Expenses paid | 2,118,345 | XXX | 61,542 | XXX | 2,179,887 |
| 8. Expenses incurred | 2,101,155 | XXX | 63,122 | XXX | XXX |
| 9. Underwriting gain or loss | (3,836,202) | XXX | 313,047 | XXX | XXX |
| 10. Cash flow results | XXX | XXX | XXX | XXX | (1,805,629) |

(a) Uninsured Receivable/Payable with CMS at End of Quarter $..........0 due from CMS or $..........0 due to CMS.