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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016
OF THE CONDITION AND AFFAIRS OF THE

HealthSpring Life & Health Insurance Company, Inc.

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

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

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health

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

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

Statutory Home Office 2900 North Loop West, Suite 1300 (Street and Number), Houston , TX, US 77092 (City or Town, State, Country and Zip Code)

Main Administrative Office 530 Great Circle Road (Street and Number)
Nashville , TN, US 37228 (City or Town, State, Country and Zip Code), 615-291-7000 (Area Code) (Telephone Number)

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

Primary Location of Books and Records 530 Great Circle Road (Street and Number)
Nashville , TN, US 37228 (City or Town, State, Country and Zip Code), 615-291-7000 (Area Code) (Telephone Number)

Internet Website Address www.cignahealthspring.com

Statutory Statement Contact Connie Schmidt Ansley (Name), 615-564-3480 (Area Code) (Telephone Number)
regulatory@healthspring.com (E-mail Address), 615-401-4566 (FAX Number)

OFFICERS

President & Chief Executive Officer	Matthew Shawn Morris	Vice President & Secretary	Brent Jason Sanders
Chief Financial Officer	Ryan Bruce McGroarty	Corporate Medical Director	Dirk Oliver Wales MD

OTHER

Sheffield Hoover Young, Divisional President	Jay Landon Hurt, Divisional President	Peter Ronald Gardner, Vice President
Kristinn Klunkert Benton, Vice President	Allen Curtis Perez, Vice President	Richard Alan Appel, Compliance Officer
Gregory Nicholas Malone, Appointed Actuary	Scott Ronald Lambert, Vice President & Treasurer	Maureen Hardiman Ryan, Vice President & Assistant Treasurer
Jumana Nadeem Siddiqui, Assistant Treasurer	Rhiannon Ashley Bernier, Assistant Secretary	Anna Krishtul, Assistant Secretary

DIRECTORS OR TRUSTEES

Jay Landon Hurt	Brent Jason Sanders	Ryan Bruce McGroarty
Peter Ronald Gardner	Sheffield Hoover Young	

State of Pennsylvania
County of Delaware
SS:

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

Matthew Shawn Morris	Ryan Bruce McGroarty	Brent Jason Sanders
President and Chief Executive Officer	Chief Financial Officer	Vice President and Secretary

Subscribed and sworn to before me this
_____ day of February, 2017

Kerri L. Schoning
Notary Public
September 8, 2020

a. Is this an original filing? Yes [X] No [ ]
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

		Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1.	Bonds (Schedule D)	297,880,539		297,880,539	303,800,475
2.	Stocks (Schedule D):				
	2.1 Preferred stocks			0	
	2.2 Common stocks			0	
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens			0	
	3.2 Other than first liens			0	
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $ .... encumbrances)			0	
	4.2 Properties held for the production of income (less $ .... encumbrances)			0	
	4.3 Properties held for sale (less $ .... encumbrances)			0	
5.	Cash ($ 8,089,082 , Schedule E - Part 1), cash equivalents ($ 72,020,948 , Schedule E - Part 2) and short-term investments ($ 0 , Schedule DA)	80,110,030		80,110,030	80,034,566
6.	Contract loans, (including $ 0 premium notes)			0	
7.	Derivatives (Schedule DB)			0	
8.	Other invested assets (Schedule BA)			0	
9.	Receivables for securities			0	
10.	Securities lending reinvested collateral assets (Schedule DL)			0	
11.	Aggregate write-ins for invested assets	0	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	377,990,569	0	377,990,569	383,835,041
13.	Title plants less $ 0 charged off (for Title insurers only)			0	
14.	Investment income due and accrued	3,248,249		3,248,249	3,407,175
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	28,451,711	453,113	27,998,598	40,932,230
	15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)			0	
	15.3 Accrued retrospective premiums ($ 0) and contracts subject to redetermination ($ 0)			0	
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers			0	
	16.2 Funds held by or deposited with reinsured companies			0	
	16.3 Other amounts receivable under reinsurance contracts			0	
17.	Amounts receivable relating to uninsured plans	130,009,756		130,009,756	144,178,200
18.1	Current federal and foreign income tax recoverable and interest thereon	19,143,642		19,143,642	2,958,102
18.2	Net deferred tax asset	14,335,264	872,818	13,462,446	9,260,076
19.	Guaranty funds receivable or on deposit			0	
20.	Electronic data processing equipment and software			0	
21.	Furniture and equipment, including health care delivery assets ($ 0)			0	
22.	Net adjustment in assets and liabilities due to foreign exchange rates			0	
23.	Receivables from parent, subsidiaries and affiliates			0	0
24.	Health care ($ 23,925,795) and other amounts receivable	31,972,094	8,046,299	23,925,795	24,826,014
25.	Aggregate write-ins for other than invested assets	7,050,424	0	7,050,424	4,556,956
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	612,201,709	9,372,230	602,829,479	613,953,794
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28.	Total (Lines 26 and 27)	612,201,709	9,372,230	602,829,479	613,953,794
	DETAILS OF WRITE-INS				
1101.					
1102.					
1103.					
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501.	Health Insurance Industry Fee Reimbursement	6,581,886		6,581,886	4,164,724
2502.	State Income Taxes Recoverable	468,011		468,011	392,016
2503.	Provider Pass Thru Payment from State of Texas	527		527	216
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	7,050,424	0	7,050,424	4,556,956

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1	2	3	4
		Covered	Uncovered	Total	Total
1.	Claims unpaid (less $ 0 reinsurance ceded)	144,834,628	20,256,929	165,091,557	143,364,561
2.	Accrued medical incentive pool and bonus amounts	5,248,320		5,248,320	9,230,620
3.	Unpaid claims adjustment expenses		2,692,083	2,692,083	2,287,110
4.	Aggregate health policy reserves, including the liability of $ 724,020 for medical loss ratio rebate per the Public Health Service Act	39,527,477		39,527,477	28,933,017
5.	Aggregate life policy reserves			0	0
6.	Property/casualty unearned premium reserves			0	0
7.	Aggregate health claim reserves			0	0
8.	Premiums received in advance	5,990		5,990	6,632
9.	General expenses due or accrued	2,279,432		2,279,432	8,446,856
10.1	Current federal and foreign income tax payable and interest thereon (including $ on realized capital gains (losses))			0	0
10.2	Net deferred tax liability			0	0
11.	Ceded reinsurance premiums payable			0	0
12.	Amounts withheld or retained for the account of others			0	3,303,316
13.	Remittances and items not allocated			0	0
14.	Borrowed money (including $ current) and interest thereon $ (including $ current)			0	0
15.	Amounts due to parent, subsidiaries and affiliates	82,255,500		82,255,500	74,050,177
16.	Derivatives			0	0
17.	Payable for securities			0	0
18.	Payable for securities lending			0	0
19.	Funds held under reinsurance treaties (with $ authorized reinsurers, $ 0 unauthorized reinsurers and $ 0 certified reinsurers)			0	0
20.	Reinsurance in unauthorized and certified ($) companies			0	0
21.	Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22.	Liability for amounts held under uninsured plans	8,079,513		8,079,513	0
23.	Aggregate write-ins for other liabilities (including $ 17,446,452 current)	17,446,452	0	17,446,452	16,954,542
24.	Total liabilities (Lines 1 to 23)	299,677,312	22,949,012	322,626,324	286,576,831
25.	Aggregate write-ins for special surplus funds	XXX	XXX	0	30,531,093
26.	Common capital stock	XXX	XXX	2,500,000	2,500,000
27.	Preferred capital stock	XXX	XXX		
28.	Gross paid in and contributed surplus	XXX	XXX	116,703,127	116,703,127
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	161,000,028	177,642,743
32.	Less treasury stock, at cost:				
	32.1 shares common (value included in Line 26 $)	XXX	XXX		
	32.2 shares preferred (value included in Line 27 $)	XXX	XXX		
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	280,203,155	327,376,963
34.	Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	602,829,479	613,953,794
	DETAILS OF WRITE-INS				
2301.	Nursing Facility Pass Through Accrual	13,456,996		13,456,996	16,954,542
2302.	Escheatment Liability	3,989,456		3,989,456	
2303.					
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)	17,446,452	0	17,446,452	16,954,542
2501.	Health Insurance Industry Fee	XXX	XXX	0	30,531,093
2502.		XXX	XXX		
2503.		XXX	XXX		
2598.	Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	30,531,093
3001.		XXX	XXX		
3002.		XXX	XXX		
3003.		XXX	XXX		
3098.	Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099.	Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	XXX	2,028,888	1,959,109
2.	Net premium income (including $ non-health premium income)	XXX	2,360,407,904	2,209,296,062
3.	Change in unearned premium reserves and reserve for rate credits	XXX	0	
4.	Fee-for-service (net of $ medical expenses)	XXX	0	
5.	Risk revenue	XXX	0	
6.	Aggregate write-ins for other health care related revenues	XXX	6,581,886	4,203,769
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	2,366,989,790	2,213,499,831
	Hospital and Medical:			
9.	Hospital/medical benefits		1,541,958,111	1,318,109,140
10.	Other professional services		35,286,585	31,542,747
11.	Outside referrals	198,222,000	198,222,000	229,297,140
12.	Emergency room and out-of-area	5,957,891	46,869,937	45,919,506
13.	Prescription drugs		221,455,032	193,890,108
14.	Aggregate write-ins for other hospital and medical	0	0	0
15.	Incentive pool, withhold adjustments and bonus amounts		(15,126,791)	(3,577,293)
16.	Subtotal (Lines 9 to 15)	204,179,891	2,028,664,874	1,815,181,348
	Less:			
17.	Net reinsurance recoveries		0	
18.	Total hospital and medical (Lines 16 minus 17)	204,179,891	2,028,664,874	1,815,181,348
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including $ 135,331,772 cost containment expenses	157,438,242	157,438,242	143,828,585
21.	General administrative expenses		233,977,273	223,274,842
22.	Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)		12,472,596	(30,245,047)
23.	Total underwriting deductions (Lines 18 through 22)	361,618,133	2,432,552,985	2,152,039,728
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(65,563,195)	61,460,103
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		9,893,065	8,499,029
26.	Net realized capital gains (losses) less capital gains tax of $ 6,428		(13,064)	(48,018)
27.	Net investment gains (losses) (Lines 25 plus 26)	0	9,880,001	8,451,012
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $ 13,477)]		(13,477)	(573,733)
29.	Aggregate write-ins for other income or expenses	0	(1,073)	(33,421)
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	(55,697,745)	69,303,961
31.	Federal and foreign income taxes incurred	XXX	(4,869,887)	23,249,251
32.	Net income (loss) (Lines 30 minus 31)	XXX	(50,827,858)	46,054,710
	DETAILS OF WRITE-INS			
0601.	Health Industry Fee Recoupment	XXX	6,581,886	4,203,769
0602.		XXX		
0603		XXX		
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	6,581,886	4,203,769
0701.		XXX		
0702.		XXX		
0703		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799.	Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.				
1402.				
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901.	Penalties and Fines		(1,073)	(33,421)
2902.				
2903				
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	(1,073)	(33,421)

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	327,376,963	328,734,609
34.	Net income or (loss) from Line 32	(50,827,858)	46,054,710
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of $ (346,466)	(643,439)	(302,977)
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	4,128,903	(9,269,831)
39.	Change in nonadmitted assets	(455,677)	(5,339,547)
40	Change in unauthorized and certified reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	0
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
	44.1 Paid in	0	0
	44.2 Transferred from surplus (Stock Dividend)	0	0
	44.3 Transferred to surplus		
45.	Surplus adjustments:		
	45.1 Paid in	0	0
	45.2 Transferred to capital (Stock Dividend)		
	45.3 Transferred from capital		
46.	Dividends to stockholders		(32,500,000)
47.	Aggregate write-ins for gains or (losses) in surplus	624,262	0
48.	Net change in capital and surplus (Lines 34 to 47)	(47,173,808)	(1,357,646)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	280,203,155	327,376,963
	DETAILS OF WRITE-INS		
4701.	Bad Debt Allowance Correction	624,262	
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	624,262	0

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	2,371,620,430	2,194,942,198
2.	Net investment income	13,895,042	12,813,602
3.	Miscellaneous income	4,164,724	2,232,435
4.	Total (Lines 1 through 3)	2,389,680,196	2,209,988,235
5.	Benefit and loss related payments	2,009,749,524	1,746,829,403
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	375,007,073	349,541,307
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	11,322,082	9,900,664
10.	Total (Lines 5 through 9)	2,396,078,679	2,106,271,373
11.	Net cash from operations (Line 4 minus Line 10)	(6,398,484)	103,716,862
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	30,978,582	57,223,619
	12.2 Stocks	0	0
	12.3 Mortgage loans	0	0
	12.4 Real estate	0	0
	12.5 Other invested assets	0	0
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(6,380)	1,066
	12.7 Miscellaneous proceeds	0	0
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	30,972,202	57,224,685
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	29,891,861	92,169,111
	13.2 Stocks	0	0
	13.3 Mortgage loans	0	0
	13.4 Real estate	0	0
	13.5 Other invested assets	0	0
	13.6 Miscellaneous applications	0	0
	13.7 Total investments acquired (Lines 13.1 to 13.6)	29,891,861	92,169,111
14.	Net increase (decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	1,080,341	(34,944,426)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	0	0
	16.2 Capital and paid in surplus, less treasury stock	0	0
	16.3 Borrowed funds	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
	16.5 Dividends to stockholders	0	32,500,000
	16.6 Other cash provided (applied)	5,393,606	28,465,663
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	5,393,606	(4,034,337)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	75,463	64,738,098
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	80,034,566	15,296,468
	19.2 End of year (Line 18 plus Line 19.1)	80,110,030	80,034,566

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

20.0001. Non-cash transactions - Bonds Disposed	3,925,197	
20.0002. Non-cash transactions - Bonds Acquired	3,925,197	

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	2,360,407,904						1,500,214,084	860,195,631	(1,811)	
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $ .... medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	6,581,886	0	0	0	0	0	0	6,581,886	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	2,366,989,790	0	0	0	0	0	1,500,214,084	866,777,517	(1,811)	0
8. Hospital/medical benefits	1,541,958,111						948,822,850	593,135,261		XXX
9. Other professional services	35,286,585						29,072,657	6,213,928		XXX
10. Outside referrals	198,222,000						134,026,310	64,195,690		XXX
11. Emergency room and out-of-area	46,869,937						31,827,891	15,042,046		XXX
12. Prescription drugs	221,455,032						113,290,667	108,828,317	(663,952)	XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	(15,126,791)						(15,127,864)	1,073		XXX
15. Subtotal (Lines 8 to 14)	2,028,664,874	0	0	0	0	0	1,241,912,511	787,416,315	(663,952)	XXX
16. Net reinsurance recoveries	0									XXX
17. Total medical and hospital (Lines 15 minus 16)	2,028,664,874	0	0	0	0	0	1,241,912,511	787,416,315	(663,952)	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $ 135,331,772 cost containment expenses	157,438,242						89,468,223	67,970,040	(21)	
20. General administrative expenses	233,977,272						127,303,371	106,418,408	255,493	
21. Increase in reserves for accident and health contracts	12,472,596							12,472,596		XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	2,432,552,984	0	0	0	0	0	1,458,684,105	974,277,359	(408,480)	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	(65,563,194)	0	0	0	0	0	41,529,979	(107,499,842)	406,669	0
DETAILS OF WRITE-INS										
0501. Health Industry Fee Recoupment	6,581,886							6,581,886		XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	6,581,886	0	0	0	0	0	0	6,581,886	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	1,500,214,084			1,500,214,084
7. Title XIX - Medicaid	860,195,631			860,195,631
8. Other health	(1,811)			(1,811)
9. Health subtotal (Lines 1 through 8)	2,360,407,904	0	0	2,360,407,904
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	2,360,407,904	0	0	2,360,407,904

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	2,020,894,014						1,247,915,861	776,303,210	(3,325,057)	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	2,020,894,014	0	0	0	0	0	1,247,915,861	776,303,210	(3,325,057)	0
2. Paid medical incentive pools and bonuses	(11,144,490)						(11,318,202)	173,712		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	165,091,557	0	0	0	0	0	89,892,410	68,030,411	7,168,736	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	165,091,557	0	0	0	0	0	89,892,410	68,030,411	7,168,736	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	5,248,320						5,229,286	19,034		
6. Net healthcare receivables (a)	(1,170,655)						(944,399)	(147,960)	(78,296)	
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	143,364,561	0	0	0	0	0	81,712,296	57,066,338	4,585,927	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	143,364,561	0	0	0	0	0	81,712,296	57,066,338	4,585,927	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	9,230,620						9,038,948	191,672		
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred Benefits:										
12.1 Direct	2,043,791,665	0	0	0	0	0	1,257,040,374	787,415,243	(663,952)	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	2,043,791,665	0	0	0	0	0	1,257,040,374	787,415,243	(663,952)	0
13. Incurred medical incentive pools and bonuses	(15,126,790)	0	0	0	0	0	(15,127,864)	1,074	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	21,975,781						15,636,642	2,208,022	4,131,117	
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	21,975,781	0	0	0	0	0	15,636,642	2,208,022	4,131,117	0
2. Incurred but Unreported:										
2.1 Direct	143,115,776						74,255,768	65,822,389	3,037,619	
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	143,115,776	0	0	0	0	0	74,255,768	65,822,389	3,037,619	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	165,091,557	0	0	0	0	0	89,892,410	68,030,411	7,168,736	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	165,091,557	0	0	0	0	0	89,892,410	68,030,411	7,168,736	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1	2	3	4		
Line of Business	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	56,787,703	1,191,128,158	4,440,148	85,452,263	61,227,851	81,712,296
7 Title XIX - Medicaid	57,781,533	718,521,677	1,201,301	66,829,109	58,982,834	57,066,338
8. Other health	(3,433,671)	108,614	7,168,736	0	3,735,065	4,585,927
9. Health subtotal (Lines 1 to 8)	111,135,565	1,909,758,449	12,810,185	152,281,372	123,945,750	143,364,561
10. Healthcare receivables (a)	5,042,451	10,192,331		16,737,312	5,042,451	33,142,749
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	7,620,107	(18,764,597)	2,169,621	3,078,699	9,789,728	9,230,620
13. Totals (Lines 9 - 10 + 11 + 12)	113,713,221	1,880,801,521	14,979,806	138,622,759	128,693,027	119,452,431

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XVIII

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	64,336	64,379	64,310	64,310	64,310
2.	2012	900,535	963,970	965,280	965,322	965,322
3.	2013	XXX	1,008,100	1,082,842	1,083,037	1,083,317
4.	2014	XXX	XXX	1,055,722	1,093,785	1,092,827
5.	2015	XXX	XXX	XXX	1,083,679	1,147,453
6.	2016	XXX	XXX	XXX	XXX	1,174,446

Section B - Incurred Health Claims - Title XVIII

	Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year 1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	66,245	64,379	64,310	64,310	64,310
2.	2012	993,636	966,554	965,280	965,322	965,322
3.	2013	XXX	1,118,117	1,086,378	1,083,037	1,083,317
4.	2014	XXX	XXX	1,139,777	1,097,193	1,092,827
5.	2015	XXX	XXX	XXX	1,171,022	1,154,062
6.	2016	XXX	XXX	XXX	XXX	1,262,959

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

	Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2012	1,239,906	965,322	67,270	7.0	1,032,592	83.3			1,032,592	83.3
2.	2013	1,310,114	1,083,317	60,508	5.6	1,143,825	87.3			1,143,825	87.3
3.	2014	1,363,018	1,092,827	83,505	7.6	1,176,332	86.3			1,176,332	86.3
4.	2015	1,388,482	1,147,453	90,751	7.9	1,238,204	89.2	6,609	96	1,244,909	89.7
5.	2016	1,501,361	1,174,446	105,527	9.0	1,279,973	85.3	88,513	1,284	1,369,770	91.2

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	1,723	1,702	1,702	1,702	1,702
2. 2012	170,142	184,132	183,924	183,829	183,829
3. 2013	XXX	248,602	265,800	265,837	265,960
4. 2014	XXX	XXX	314,211	346,056	346,452
5. 2015	XXX	XXX	XXX	655,544	708,604
6. 2016	XXX	XXX	XXX	XXX	723,047

Section B - Incurred Health Claims - Title XIX

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year 1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	1,736	1,702	1,702	1,702	1,702
2. 2012	194,730	184,408	183,924	183,829	183,829
3. 2013	XXX	265,307	265,850	265,837	265,960
4. 2014	XXX	XXX	358,835	346,111	346,452
5. 2015	XXX	XXX	XXX	712,747	709,806
6. 2016	XXX	XXX	XXX	XXX	789,894

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	208,756	183,829	(9)	0.0	183,820	88.1			183,820	88.1
2. 2013	316,539	265,960	3,094	1.2	269,054	85.0			269,054	85.0
3. 2014	408,639	346,452	29,297	8.5	375,749	92.0			375,749	92.0
4. 2015	830,045	708,604	60,894	8.6	769,498	92.7	1,202	23	770,723	92.9
5. 2016	857,170	723,047	75,071	10.4	798,118	93.1	66,847	1,289	866,254	101.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Other

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	(37,905)	(37,905)	(37,905)	(37,905)	(37,905)
2.	2012	559,119	553,148	553,148	553,148	553,148
3.	2013	XXX	409,630	392,307	392,307	392,307
4.	2014	XXX	XXX	409,957	344,858	341,612
5.	2015	XXX	XXX	XXX	62,785	62,706
6.	2016	XXX	XXX	XXX	XXX	78

Section B - Incurred Health Claims - Other

	Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior	(37,652)	(37,906)	(37,905)	(37,905)	(37,905)
2.	2012	616,672	555,636	553,148	553,148	553,148
3.	2013	XXX	454,260	395,654	392,307	392,307
4.	2014	XXX	XXX	418,758	349,443	348,780
5.	2015	XXX	XXX	XXX	62,785	62,706
6.	2016	XXX	XXX	XXX	XXX	78

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

	Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2012	719,125	553,148	14,800	2.7	567,948	79.0			567,948	79.0
2.	2013	499,921	392,307	12,737	3.2	405,044	81.0			405,044	81.0
3.	2014	431,570	341,612	27,716	8.1	369,328	85.6	7,169		376,497	87.2
4.	2015	(9,346)	62,706	539	0.9	63,245	(676.7)			63,245	(676.7)
5.	2016	(2)	78	0	0.0	78	(4,307.1)			78	(4,307.1)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

	Cumulative Net Amounts Paid				
Year in Which Losses Were Incurred	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	28,153	28,176	28,106	28,106	28,107
2. 2012	1,629,795	1,701,250	1,702,351	1,702,299	1,702,299
3. 2013	XXX	1,666,332	1,740,949	1,741,181	1,741,584
4. 2014	XXX	XXX	1,779,889	1,784,699	1,780,891
5. 2015	XXX	XXX	XXX	1,802,008	1,918,763
6. 2016	XXX	XXX	XXX	XXX	1,897,571

Section B - Incurred Health Claims - Grand Total

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
Year in Which Losses Were Incurred	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	30,330	28,176	28,106	28,106	28,107
2. 2012	1,805,038	1,706,598	1,702,351	1,702,299	1,702,299
3. 2013	XXX	1,837,684	1,747,881	1,741,181	1,741,584
4. 2014	XXX	XXX	1,917,369	1,792,748	1,788,059
5. 2015	XXX	XXX	XXX	1,946,554	1,926,574
6. 2016	XXX	XXX	XXX	XXX	2,052,931

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2012	2,167,787	1,702,299	82,061	4.8	1,784,360	82.3	0	0	1,784,360	82.3
2. 2013	2,126,574	1,741,584	76,339	4.4	1,817,923	85.5	0	0	1,817,923	85.5
3. 2014	2,203,228	1,780,891	140,518	7.9	1,921,409	87.2	7,169	0	1,928,578	87.5
4. 2015	2,209,181	1,918,763	152,184	7.9	2,070,947	93.7	7,811	119	2,078,877	94.1
5. 2016	2,358,530	1,897,571	180,598	9.5	2,078,169	88.1	155,360	2,573	2,236,102	94.8

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves	0								
2. Additional policy reserves (a)	27,455,010							27,455,010	
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $ ....) for investment income	3,158,967						724,020	2,434,947	
5. Aggregate write-ins for other policy reserves	8,913,500	0	0	0	0	0	7,773,873	174,446	965,182
6. Totals (gross)	39,527,477	0	0	0	0	0	8,497,892	30,064,403	965,182
7. Reinsurance ceded	0								
8. Totals (Net)(Page 3, Line 4)	39,527,477	0	0	0	0	0	8,497,892	30,064,403	965,182
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. CMS Risk Corridor	8,913,500						7,773,873	174,446	965,182
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	8,913,500	0	0	0	0	0	7,773,873	174,446	965,182
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $ 27,455,010 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ 0 for occupancy of own building)	634,735	484,207	10,407,651	0	11,526,593
2. Salary, wages and other benefits	79,503,058	14,623,887	104,768,315	0	198,895,261
3. Commissions (less $ 0 ceded plus $ 0 assumed)			17,115,812	0	17,115,812
4. Legal fees and expenses			570	0	570
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	4,039,513	641,077	10,118,950	0	14,799,539
7. Traveling expenses	1,603,860	324,904	4,224,119	0	6,152,883
8. Marketing and advertising	55,345	182,583	4,268,187	0	4,506,115
9. Postage, express and telephone	322,005	140,868	2,038,600	0	2,501,473
10. Printing and office supplies	1,016,348	253,410	4,758,530	0	6,028,288
11. Occupancy, depreciation and amortization					0
12. Equipment	11,670	60,100	1,399,903	0	1,471,673
13. Cost or depreciation of EDP equipment and software	1,064	35	(291)	0	808
14. Outsourced services including EDP, claims, and other services	42,785,867	4,133,628	13,414,372	0	60,333,866
15. Boards, bureaus and association fees	42,740	27,920	451,667	0	522,327
16. Insurance, except on real estate					0
17. Collection and bank service charges	2,339	12,175	290,222	0	304,736
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes	125	1,088	25,633	0	26,847
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			(2,802)	0	(2,802)
23.2 State premium taxes			16,160,643	0	16,160,643
23.3 Regulatory authority licenses and fees	19,486	39,357	79,212	0	138,055
23.4 Payroll taxes	4,920,030	902,008	6,259,589	0	12,081,627
23.5 Other (excluding federal income and real estate taxes)			31,790,677	0	31,790,677
24. Investment expenses not included elsewhere				502,242	502,242
25. Aggregate write-ins for expenses	373,587	279,225	6,407,713	0	7,060,525
26. Total expenses incurred (Lines 1 to 25)	135,331,772	22,106,470	233,977,273	502,242	(a) 391,917,757
27. Less expenses unpaid December 31, current year	2,314,078	378,005	2,279,432	0	4,971,515
28. Add expenses unpaid December 31, prior year	2,077,922	209,188	8,446,856		10,733,965
29. Amounts receivable relating to uninsured plans, prior year			144,178,200		144,178,200
30. Amounts receivable relating to uninsured plans, current year			130,009,756	0	130,009,756
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	135,095,616	21,937,653	225,976,253	502,242	383,511,764
DETAILS OF WRITE-INS					
2501. Stipends - Medical Director	291,036	21,481	221,032		533,549
2502. Other General Expense	82,551	196,351	4,734,411		5,013,313
2503. Part D Admin Fees	0	61,393	1,452,270		1,513,663
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	373,587	279,225	6,407,713	0	7,060,525

(a) Includes management fees of $ 302,322,480 to affiliates and $ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 140,987	141,434
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 10,216,327	10,063,743
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5	Contract Loans		
6	Cash, cash equivalents and short-term investments	(e) 196,194	189,406
7	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	724	724
10.	Total gross investment income	10,554,232	10,395,307
11.	Investment expenses		(g) 502,242
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		502,242
17.	Net investment income (Line 10 minus Line 16)		9,893,065
	DETAILS OF WRITE-INS		
0901.	Misc Inv Income	724	724
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	724	724
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

(a) Includes $ 165,704 accrual of discount less $ 4,008,755 amortization of premium and less $ 138,186 paid for accrued interest on purchases.

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

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

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

(e) Includes $ 185,400 accrual of discount less $ 5,787 amortization of premium and less $ 0 paid for accrued interest on purchases.

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

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

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

(i) Includes $ depreciation on real estate and $ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	0	0	0	0	0
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	(256)	0	(256)	(989,906)	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	0	0	0	0	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans		0	0	0	0
4.	Real estate		0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	(6,380)	0	(6,380)	0	0
7.	Derivative instruments			0		
8.	Other invested assets		0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	(6,636)	0	(6,636)	(989,906)	0
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

		1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			0
2.	Stocks (Schedule D):			
	2.1 Preferred stocks			0
	2.2 Common stocks			0
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens			0
	3.2 Other than first liens			0
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company			0
	4.2 Properties held for the production of income			0
	4.3 Properties held for sale			0
5.	Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6.	Contract loans			0
7.	Derivatives (Schedule DB)			0
8.	Other invested assets (Schedule BA)			0
9.	Receivables for securities			0
10.	Securities lending reinvested collateral assets (Schedule DL)			0
11.	Aggregate write-ins for invested assets	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13.	Title plants (for Title insurers only)			0
14.	Investment income due and accrued		0	0
15.	Premiums and considerations:			
	15.1 Uncollected premiums and agents' balances in the course of collection	453,113		(453,113)
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
	15.3 Accrued retrospective premiums and contracts subject to redetermination			0
16.	Reinsurance:			
	16.1 Amounts recoverable from reinsurers			0
	16.2 Funds held by or deposited with reinsured companies			0
	16.3 Other amounts receivable under reinsurance contracts			0
17.	Amounts receivable relating to uninsured plans			0
18.1	Current federal and foreign income tax recoverable and interest thereon			0
18.2	Net deferred tax asset	872,818	599,818	(273,000)
19.	Guaranty funds receivable or on deposit			0
20.	Electronic data processing equipment and software			0
21.	Furniture and equipment, including health care delivery assets			0
22.	Net adjustment in assets and liabilities due to foreign exchange rates			0
23.	Receivable from parent, subsidiaries and affiliates			0
24.	Health care and other amounts receivable	8,046,299	8,316,735	270,436
25.	Aggregate write-ins for other than invested assets	0	0	0
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	9,372,230	8,916,553	(455,677)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28.	Total (Lines 26 and 27)	9,372,230	8,916,553	(455,677)
	DETAILS OF WRITE-INS			
1101.				
1102.				
1103.				
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501.				
2502.				
2503.				
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of 1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	166,636	173,189	169,891	166,178	161,995	2,028,888
7. Total	166,636	173,189	169,891	166,178	161,995	2,028,888
DETAILS OF WRITE-INS						
0601. Medicare Advantage	113,514	120,228	116,979	113,620	110,353	1,395,864
0602. Medicaid	53,122	52,961	52,912	52,558	51,642	633,024
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	166,636	173,189	169,891	166,178	161,995	2,028,888

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

On July 23, 2015, Cigna entered into a definitive agreement to engage in a series of transactions to merge Cigna with Anthem, subject to certain terms, conditions and customary operating covenants, with Anthem continuing as the surviving company. At special shareholders' meetings in December 2015, Cigna shareholders approved the merger with Anthem and Anthem shareholders voted to approve the issuance of shares of Anthem common stock according to the merger agreement.

Consummation of the merger is subject to certain customary conditions, including the receipt of certain necessary governmental and regulatory approvals, and the absence of a legal restraint prohibiting the consummation of the merger. On July 21, 2016, the U.S. Department of Justice (''DOJ'') and certain state attorneys general filed a civil antitrust lawsuit in the U.S. District Court for the District of Columbia (the ''District Court'') seeking to block the merger and, on January 4, 2017, the parties concluded the District Court trial. On February 8, 2017, the District Court issued an order enjoining the proposed merger. Anthem appealed this ruling to the U.S. Court of Appeals for the District of Columbia Circuit (the ''Appeals Court''). Additionally, Cigna appealed the District Court ruling following the Chancery Court ruling described below.

On February 14, 2017, Cigna delivered a notice to Anthem terminating the merger agreement and filed suit in the Delaware Court of Chancery (the ''Chancery Court'') seeking, among other things, declaratory judgment that Cigna's termination of the merger agreement is lawful and that Anthem does not have the right to extend the merger agreement termination date. Later that day, Anthem filed a lawsuit in the Chancery Court against us seeking, among other things, a temporary restraining order to enjoin Cigna from terminating the merger agreement, specific performance and damages, and, on February 15, 2017, the Chancery Court issued an order temporarily enjoining Cigna from terminating the merger agreement. This order will be subject to further review at a preliminary injunction hearing.

See Note 14 for additional information about the proposed merger.

Affordable Care Act Section 9010 Insurer Fee

In January 2016, the federal appropriations legislation imposed a one-year moratorium on the Affordable Care Act ("ACA") Section 9010 insurer fee for 2017, with reinstatement expected in 2018. On January 1, 2016, the Company was subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA). Cigna covered entities' share of the annual fee is based on the ratio of the amount of their aggregate net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2016, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2017. The ACA fee assessment paid was $31,011,380 in 2016 and $30,590,297 in 2015.

A. Accounting Practices

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

The Department recognizes only statutory accounting practices prescribed or permitted by the state of Texas for determining and reporting the financial condition and results of operations of a Health Maintenance Organization (HMO) for determining solvency under Texas Insurance Law. The National Association of Insurance Commissioners' (the NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Texas. While the Department has adopted certain prescribed accounting practices that differ from those found in NAIC SAP, the Company's financials were not affected by those differences in 2016 or 2015.

NOTES TO FINANCIAL STATEMENTS

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

	SSAP #	F/S Page	F/S Line #	2016	2015
NET INCOME					
(1) State basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	$ (50,827,858)	$ 46,054,710
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	$ (50,827,858)	$ 46,054,710
SURPLUS					
(5) State basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	$ 280,203,155	$ 327,376,963
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP:					
None	-	-	-	-	-
(8) Surplus per NAIC SAP (5-6-7=8)	XXX	XXX	XXX	$ 280,203,155	$ 327,376,963

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

The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The most significant item subject to estimates and assumptions is the actuarially determined medical claims liabilities included in the financial statements. Other significant estimates are the estimated risk adjustment payments receivable from CMS, certain amounts recorded related the Medicare Part D (Part D) program, and unpaid claims adjustment expenses.

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

C. Accounting Policies

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

HHSC any time thereafter. Any adjustment made to the experience rebate payable as a result of final settlement is included in current operations.

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

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

In the normal course of business, the Company enters into transactions involving various types of financial instruments. These financial instruments primarily include bonds on the balance sheet. These instruments may change in value due to interest rate and market fluctuations and most also have credit risk. The Company evaluates and monitors each financial instrument individually. The Company did not have any off-balance sheet financial instruments as of December 31, 2016 and 2015.

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

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

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

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

Investments and investment income due and accrued are evaluated in accordance with SSAP No. 5R, *Liabilities, Contingencies, and Impairments of Assets – Revised* (SSAP 5R), to determine whether impairment exists. Any amounts determined to be uncollectible are written off through the statutory basis statements of income. No amounts were written off during 2016 or 2015.

Unrealized capital gains and losses on investments carried at fair value are reflected directly in unassigned surplus. Realized capital gains and losses resulting from sales and investment asset write-downs are based on specifically identified assets and are recognized in net income. The Company had no write-downs of investment assets in 2016 or 2015.

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

NOTES TO FINANCIAL STATEMENTS

101, *Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10* (SSAP 101). Additional detailed information about the Company's income taxes is disclosed in Note 9.

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

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

In addition, the Company uses the following accounting policies:

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

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

3. Common stocks – not applicable.

4. Preferred stocks – not applicable.

5. Mortgage loans – not applicable.

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

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

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

9. Derivatives – not applicable.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

13. Pharmacy rebate receivables consist of reasonably estimable amounts, based upon utilization data and past history, and billed amounts to pharmaceutical companies. In accordance with SSAP No. 84, *Health Care Receivables and Government Insured Plan Receivables,* pharmacy rebate receivables are included as Healthcare Receivables on the statutory basis statements of admitted assets, liabilities, and capital and surplus. The income from pharmacy rebates is reported as a reduction of claims expense in the statutory basis statements of income. Generally, rebate amounts are invoiced within fifteen days after each quarter-end and settled within 85 days of the invoice date. Pharmaceutical rebates billed but uncollected less than 90 days of invoice date have been admitted.

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

15. Effective January 1, 2015, the Company adopted SSAP No. 106, Affordable Care Act Assessments, for the annual health insurance industry fee imposed under Section 9010 of the Affordable Care Act. In December 2015, the federal appropriations legislation imposed a one-year moratorium on the ACA Section 9010 insurer fee for 2017, with reinstatement expected in 2018.

D. Going Concern - Not applicable

2. Accounting Changes and Corrections of Errors

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

Changes in Accounting Principles – On December 10, 2016, in response to industry comments, the NAIC adopted revisions to SSAP 35R (Ref #2016-38) to allow the consideration of renewals of in-force short-term health contracts when recognizing accruals of premium tax credit assets in instances when retrospective-premium-based assessments are imposed on short-term health contracts for the insolvencies of insurers that wrote long-term care contracts. This guidance is effective January 1, 2017. This results in a difference from GAAP that does not allow consideration of expected renewals of short-duration contracts.

Corrections of Errors – During the current year's financial statement preparation, the Company discovered an error in the statutory accounting of the allowance for bad debts. In the prior year, change in the allowance for bad debt ran through the Statement of Revenue and Expenses, Line 28 instead of nonadmitted assets through capital and surplus by $624,262. There was no impact to capital and surplus.

3. Business Combinations and Goodwill

A. Statutory Purchase Method – not applicable.

B. Statutory Merger – not applicable.

C. Assumption Reinsurance – not applicable.

D. Impairment Loss – not applicable.

4. Discontinued Operations

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

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

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

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

5. Investments

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

NOTES TO FINANCIAL STATEMENTS

B. Debt Restructuring – not applicable.

C. Reverse Mortgages – not applicable.

D. Loan-Backed Securities

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

2. The Company had no loan-backed and structured securities with recognized other-than-temporary impairments where the Company had the intent to sell or does not have the intent and ability to retain the investment for a period of time sufficient to recover the amortized cost basis as of December 31, 2016.

3. The Company had no loan-backed and structured securities with recognized other-than-temporary impairments where the present value of cash flow expected to be collected is less than the amortized cost basis as of December 31, 2016.

4. As of December 31, 2016, there were no loan-backed and structured securities with a fair value lower than amortized cost.

5. Management reviews loan-backed and other structured securities with a decline in fair value from cost for impairment based on criteria that include:
   - length of time and severity of decline;
   - financial and specific near term prospects of the issuer;
   - changes in the regulatory, economic or general market environment of the issuer's industry or geographic region; and
   - the Company's intent to sell or the inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost.

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

F. Real Estate – not applicable.

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

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

The Company has restricted assets of $8,061,425 and $8,046,466 on deposit with various regulatory agencies for the projection or benefit of enrolled members at December 31, 2016 and 2015, respectively. These amounts are reflected as bonds in the accompanying Balance Sheets. The following table presents the restricted assets as a percentage of total gross assets and total admitted assets.

NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Curent Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Admitted Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	$ -	$ -	$ -	$ -	$ -	-	-
b. Collateral held under security lending agreements	-	-	-	-	-	-	-
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-
j. On deposit with states	8,061,425	8,046,466	14,959	-	8,061,425	3.1%	1.3%
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
o. Total Restricted Assets	$ 8,061,425	$ 8,046,466	$ 14,959	$ -	$ 8,061,425	3.1%	1.3%

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

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

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

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

I. Working Capital Finance Investments – none

J. Offsetting and Netting of Assets and Liabilities – none

K. Structured Notes – none

L. 5* Securities - none

6. Joint Ventures, Partnerships and Limited Liability Companies

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

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

7. Investment Income

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

B. As of December 31, 2016 and 2015, the Company had no investment income due and accrued with admitted amounts that are over 90 days past due.

8. Derivative Instruments

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

F. Cash Flow Hedges – not applicable.

9. Income Taxes

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

1. Components of net admitted deferred tax assets.

	December 31, 2016		
	Ordinary	Capital	Total
Gross deferred tax assets	$ 13,936,479	$ 509,608	$ 14,446,087
Statutory valuation allowance	-	-	-
Adjusted gross deferred tax assets	13,936,479	509,608	14,446,087
Deferred tax asset non-admitted	363,210	509,608	872,818
Net deferred tax assets	13,573,269	-	13,573,269
Deferred tax liability	110,823	-	110,823
Net admitted deferred tax assets	$ 13,462,446	$ -	$ 13,462,446

	December 31, 2015		
	Ordinary	Capital	Total
Gross deferred tax assets	$ 9,862,031	$ 163,142	$ 10,025,173
Statutory valuation allowance	-	-	-
Adjusted gross deferred tax assets	9,862,031	163,142	10,025,173
Deferred tax asset non-admitted	436,676	163,142	599,818
Net deferred tax assets	9,425,355	-	9,425,355
Deferred tax liability	165,278	-	165,278
Net admitted deferred tax assets	$ 9,260,077	$ -	$ 9,260,077

	Change		
	Ordinary	Capital	Total
Gross deferred tax assets	$ 4,074,448	$ 346,466	$ 4,420,914
Statutory valuation allowance	-	-	-
Adjusted gross deferred tax assets	4,074,448	346,466	4,420,914
Deferred tax asset non-admitted	(73,466)	346,466	273,000
Net deferred tax assets	4,147,914	-	4,147,914
Deferred tax liability	(54,455)	-	(54,455)
Net admitted deferred tax assets	$ 4,202,369	$ -	$ 4,202,369

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

NOTES TO FINANCIAL STATEMENTS

		December 31, 2016		
		Ordinary	Capital	Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	$ 13,334,592	$ –	$ 13,334,592
(b)	Admitted gross DTAs expected to be realized (excluding the amount of DTAs from2(a) above) after application of the threshold limitations (The lesser of 2(b)1 and 2(b)2 below)	127,854	–	127,854
	1. Adjusted gross DTAs expected to be realized following the balance sheet date	127,854		127,854
	2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	40,011,106
(c)	Adjusted Gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	110,823	–	110,823
(d)	DTAs admitted as a result of application of SSAP No. 101			
	Total 2(a) + 2(b) + 2 (c)	$ 13,573,269	$ –	$ 13,573,269

		December 31, 2015		
		Ordinary	Capital	Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	$ 9,130,181	$ –	$ 9,130,181
(b)	Admitted gross DTAs expected to be realized (excluding the amount of DTAs from2(a) above) after application of the threshold limitations (The lesser of 2(b)1 and 2(b)2 below)	129,896	–	129,896
	1. Adjusted gross DTAs expected to be realized following the balance sheet date	129,896		129,896
	2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	47,717,533
(c)	Adjusted Gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	165,278	–	165,278
(d)	DTAs admitted as a result of application of SSAP No. 101			
	Total 2(a) + 2(b) + 2 (c)	$ 9,425,355	$ –	$ 9,425,355

		Change		
		Ordinary	Capital	Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	$ 4,204,411	$ –	$ 4,204,411
(b)	Admitted gross DTAs expected to be realized (excluding the amount of DTAs from2(a) above) after application of the threshold limitations (The lesser of 2(b)1 and 2(b)2 below)	(2,042)	–	(2,042)
	1. Adjusted gross DTAs expected to be realized following the balance sheet date	(2,042)	–	(2,042)
	2. Adjusted gross DTAs allowed per limitation threshold	XXX	XXX	(7,706,427)
(c)	Adjusted Gross DTAs (excluding the amount of DTAs from 2(a) and 2(b) above) offset by gross DTLs	(54,455)	–	(54,455)
(d)	DTAs admitted as a result of application of SSAP No. 101			
	Total 2(a) + 2(b) + 2 (c)	$ 4,147,914	$ –	$ 4,147,914

NOTES TO FINANCIAL STATEMENTS

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

	2016	2015
Ratio percentage used to determine recovery period and threshold limitation amount	338%	447%
Amount of Adjusted Capital and Surplus used to determine recovery period and threshold limitation in paragraph 11.b.	$ 266,740,709	$ 318,116,887

4. Impact of Tax-Planning Strategies – not applicable

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

All deferred tax liabilities have been properly recognized.

C. Significant components of income taxes incurred

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

	December 31, 2016	December 31, 2015	Change
(a) Federal	$ (4,869,887)	$ 23,249,251	$ (28,119,138)
(b) Foreign	–	–	–
(c) Subtotal	(4,869,887)	23,249,251	(28,119,138)
(d) Federal income tax on net capital gains	6,428	47,025	(40,597)
(e) Utilization of capital loss carry-forwards	–	–	–
(f) Other	–	–	–
(g) Federal and foreign income taxes incurred	$ (4,863,459)	$ 23,296,276	$ (28,159,735)

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets Resulting From Book/Tax Differences

	December 31, 2016	December 31, 2015	Change
(a) Ordinary			
(1) Discounting of unpaid losses	$ 466,320	$ 449,933	$ 16,387
(2) Unearned premium reserve	419	464	(45)
(3) Policyholder reserves	–	–	–
(4) Investments	3,432	2,849	583
(5) Deferred acquisition costs	–	–	–
(6) Policyholder dividends accrual	–	–	–
(7) Fixed assets	–	–	–
(8) Compensation and benefits accrual	–	–	–
(9) Pension accrual	–	–	–
(10) Receivables - nonadmitted	2,974,794	2,910,857	63,937
(11) Net operating loss carry forward	–	–	–
(12) Tax credit carry forward	–	–	–
(13) Other	–	–	–
(14) Deferred gain related to intangibles	882,260	1,035,591	(153,331)
(15) Allowance for doubtful accounts	–	218,492	(218,492)
(16) Premium deficiency reserve	9,609,254	5,243,845	4,365,409
(99) Subtotal	$ 13,936,479	$ 9,862,031	$ 4,074,448
(b) Statutory valuation allowance adjustment	–	–	–
(c) Nonadmitted	363,210	436,676	(73,466)
(d) Admitted ordinary DTAs (2a99 - 2b - 2c)	$ 13,573,269	$ 9,425,355	$ 4,147,914
(e) Capital			
(1) Investments	509,608	163,142	346,466
(2) Net capital loss carry-forward	–	–	–
(3) Real estate	–	–	–
(4) Other	–	–	–
(99) Subtotal	$ 509,608	$ 163,142	$ 346,466
(f) Statutory valuation allowance adjustment	–	–	–
(g) Nonadmitted	509,608	163,142	346,466
(h) Admitted capital DTAs (2a99 - 2f - 2g)	$ -	$ -	$ -
(i) Admitted DTAs (2d + 2h)	$ 13,573,269	$ 9,425,355	$ 4,147,914

NOTES TO FINANCIAL STATEMENTS

3. Deferred Tax Liabilities Resulting From Book/Tax Differences

	December 31, 2016	December 31, 2015	Change
(a) Ordinary			
(1) Investments	$ 110,823	$ 165,278	$ (54,455)
(2) Fixed assets	–	–	–
(3) Deferred and uncollected premium	–	–	–
(4) Policyholder reserves	–	–	–
(5) Other	–	–	–
(6) Deferred intercompany gain	–	–	–
(7) Pharmacy rebates	–	–	–
(8) Other ins & contract holder liability	–	–	–
(9) Section 481 adjustment	–	–	–
(99) Subtotal	$ 110,823	$ 165,278	$ (54,455)
(b) Capital:			
(1) Investments	–	–	–
(2) Real estate	–	–	–
(3) Other	–	–	–
(99) Subtotal	$ -	$ -	$ -
(c) Deferred tax liabilities (3a99 + 3b99)	$ 110,823	$ 165,278	$ (54,455)

4. Net Deferred Tax Assets/(Liabilities)

Net deferred tax assets/(liabilities) (2i - 3c)	$ 13,462,446	$ 9,260,077	$ 4,202,369

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	December 31, 2016	December 31, 2015	Change
Total gross deferred tax assets	$ 14,446,087	$ 10,025,173	$ 4,420,914
Total deferred tax liabilities	110,823	165,278	(54,455)
Net adjusted deferred tax asset	14,335,264	9,859,895	4,475,369
Statutory valuation allowance	–	–	–
Net deferred tax asset after statutory valuation allowance	$ 14,335,264	$ 9,859,895	$ 4,475,369
Tax effect of unrealized gains and losses			(346,466)
Change in deferred income tax			$ 4,128,903

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

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

NOTES TO FINANCIAL STATEMENTS

		December 31, 2016	Effective Tax Rate
Current income taxes incurred	$	(4,863,459)	8.7%
Change in deferred income tax			
(without tax on unrealized gains and losses)		(4,128,903)	7.4%
Total income tax reported	$	(8,992,362)	16.1%
Income before taxes		(55,691,317)	
		35%	
Expected tax expense at 35% statutory rate	$	(19,491,961)	35.0%
Increase (decrease) in actual tax reported resulting from:			
Meals and entertainment		12,933	0.0%
Tax-exempt income		(36,153)	0.1%
Change in nonadmitted assets		(63,937)	0.1%
Health insurance industry fee		10,853,983	-19.5%
Other		(267,227)	0.4%
Total income tax reported	$	(8,992,362)	16.1%

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

(1) At December 31, 2016, the Company has utilized all of its net operating or capital loss carry forwards.

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

Year		Amount
2016	$	—
2015	$	23,295,081

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

F. Federal or Foreign Income Tax Loss Contingencies

(1) CIGNA's federal income tax returns are routinely audited by the Internal Revenue Service (IRS). In management's opinion, adequate tax liabilities, including related charges should the IRS prevail, have been established to address potential exposures involving tax position the Company has taken that may be challenged by the IRS. These liabilities could be revised in the near term if estimates of CIGNA's ultimate liability change as a result of new developments or a change in circumstances.

(2) The IRS has completed its examination of CIGNA's 2011 and 2012 consolidated federal income tax returns. The review, which was completed in the fourth quarter of 2016, had no material impact on the Company's financial condition.

G. Consolidated Federal Income Tax Return

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

Allegiance Benefit Plan Management, Inc.
Allegiance Cobra Services, Inc.
Allegiance Life & Health Insurance Company, Inc.
Allegiance Re, Inc.
Arizona Healthplan, Inc.
Benefit Management Corporation
Bravo Health Mid-Atlantic, Inc.

NOTES TO FINANCIAL STATEMENTS

Bravo Health Pennsylvania, Inc.
CareAllies, Inc.
CG Individual Tax Benefit Payments, Inc.
CG Life Pension Benefit Payments, Inc.
CG LINA Pension Benefit Payments, Inc.
Choicelinx Corporation
Cigna Arbor Life Insurance Company
Cigna Behavioral Health, Inc.
Cigna Behavioral Health of California, Inc.
Cigna Behavioral Health of Texas, Inc.
Cigna Benefits Financing, Inc.
Cigna Dental Health, Inc.
Cigna Dental Health of California, Inc.
Cigna Dental Health of Colorado, Inc.
Cigna Dental Health of Delaware, Inc.
Cigna Dental Health of Florida, Inc.
Cigna Dental Health of Illinois, Inc.
Cigna Dental Health of Kansas, Inc.
Cigna Dental Health of Kentucky, Inc.
Cigna Dental Health of Maryland, Inc.
Cigna Dental Health of Missouri, Inc.
Cigna Dental Health of New Jersey, Inc.
Cigna Dental Health of North Carolina, Inc.
Cigna Dental Health of Ohio, Inc.
Cigna Dental Health of Pennsylvania, Inc.
Cigna Dental Health of Texas, Inc.
Cigna Dental Health of Virginia, Inc.
Cigna Dental Healthplan of Arizona, Inc.
Cigna Direct Marketing Company, Inc.
Cigna Federal Benefits, Inc.
Cigna Global Holdings, Inc.
Cigna Global Insurance Company Limited
Cigna Global Reinsurance Company LTD
Cigna Health and Life Insurance Company
Cigna Health Corporation
Cigna Health Management, Inc.
Cigna Healthcare Benefits, Inc.
Cigna Healthcare Holdings, Inc.
Cigna Healthcare, Inc.
Cigna Healthcare Mid-Atlantic, Inc.
Cigna Healthcare of Arizona, Inc.
Cigna Healthcare of California, Inc.
Cigna Healthcare of Colorado, Inc.
Cigna Healthcare of Connecticut, Inc.
Cigna Healthcare of Florida, Inc.
Cigna Healthcare of Georgia, Inc.
Cigna Healthcare of Illinois, Inc.
Cigna Healthcare of Indiana, Inc.
Cigna Healthcare of Maine, Inc.
Cigna Healthcare of Massachusetts, Inc.
Cigna Healthcare of New Hampshire, Inc.
Cigna Healthcare of New Jersey, Inc.
Cigna Healthcare of New York, Inc.
Cigna Healthcare of North Carolina, Inc.
Cigna Healthcare of Pennsylvania, Inc.
Cigna Healthcare of South Carolina, Inc.
Cigna Healthcare of St Louis, Inc.
Cigna Healthcare of Tennessee, Inc.
Cigna Healthcare of Texas, Inc.
Cigna Healthcare of Utah, Inc.
Cigna Holdings, Inc.
Cigna Holdings Overseas, Inc.
Cigna Integrated Care, Inc.
Cigna Intellectual Property, Inc.
Cigna International Corporation
Cigna International Finance, Inc.

NOTES TO FINANCIAL STATEMENTS

Cigna International Services, Inc.
Cigna Investment Group, Inc.
Cigna Investments, Inc.
Cigna Life Insurance Company of New York
Cigna Linden Holdings, Inc.
Cigna Managed Care Benefits Company
Cigna Mezzanine Partners, III, Inc.
Cigna Poplar Holdings, Inc.
Cigna RE Corporation
Cigna Resource Manager, Inc.
Cigna Worldwide Insurance Company
Connecticut General Benefit Payments, Inc.
Connecticut General Corporation
Connecticut General Life Insurance Company
Former Cigna Investments, Inc.
GreatWest Healthcare of Illinois, Inc.
Hazard Center Investment Co., LLC
Healthsource Benefits, Inc.
Healthsource, Inc.
Healthsource Properties, Inc.
HealthSpring Management, Inc.
HealthSpring of Alabama, Inc.
HealthSpring of Florida, Inc.
HealthSpring of Tennessee, Inc.
HealthSpring, Inc.
IHN, Inc.
Intermountain Underwriters, Inc.
Kronos Optimal Health Company
Life Ins Co of North America
LINA Benefit Payments, Inc.
Managed Care Consultants, Inc.
MCC Independent Practice Assoc of New York, Inc.
Mediversal Inc.
QualCare Alliance Networks, Inc.
QualCare Captive Insurance Company, Inc.
QualCare, Inc.
Scibal Associates, Inc.
Sagamore Health Network Inc.
Tel-Drug, Inc.
Universal Claims Administration

10. Information Concerning Parent, Subsidiaries and Affiliates

A. B. and C.

The Company did not pay any dividends in 2015. The Company paid $32,500,000 in ordinary dividends to NewQuest, LLC (the Parent) in 2015. No capital contributions were received in 2016 or 2015.

The Company has entered into a line of credit agreement with Cigna under which the Company may lend up to $30,000,000. The Company did not loan any funds to Cigna during 2016 and 2015.

The Company has entered into a line of credit agreement with Cigna Holdings, Inc. under which the Company may borrow up to $30,000,000. As of December 31, 2016 and 2015, there was no outstanding payable balance to Cigna Holdings, Inc. In 2015, the interest rate on loan amounts was an average yearly rate of 0.3478% and interest expense was $2,322. The Company had no borrowings in 2016.

D. At December 31, 2016 and 2015, the Company reported $82,255,500 and $74,045,177, respectively, as the net amounts due to the parent, subsidiaries and affiliates. These amounts are settled periodically, usually monthly.

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

F. Management Services Agreement

NOTES TO FINANCIAL STATEMENTS

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

The Company has contracted for managerial, administrative, and financial support services through an administrative service contract based on a percentage of premium revenue with HealthSpring Management of America, LLC (HSMA). For the years ended December 31, 2016 and 2015, the Company paid approximately $302,322,480 and $283,417,838, respectively, in exchange for these services.

The Company has contracted with HSMA to provide disease management services related to the implementation and operation of the Internal Disease Management Program. For the years ended December 31, 2016 and 2015, the Company paid approximately $37,981,443 and $20,674,944, respectively.

The Company has contracted with Cigna Investment, Inc. (CII) for investment advisory services. The Company and CII are indirect subsidiaries of Cigna Holdings, Inc., which is a direct wholly-owned subsidiary of Cigna. The Company paid $503,251 and $424,502 in 2016 and 2015, respectively, for these services.

Cigna's indirectly wholly-owned domestic subsidiary insurance companies have entered into a Consolidated Federal Income Tax Agreement (Tax Agreement), which became effective as of April 1, 1982. The Agreement sets forth the method of allocation of federal income taxes for Cigna and its wholly-owned domestic subsidiaries, including insurance subsidiaries. The Agreement provides for immediate reimbursement to companies with net operating losses to the extent that their losses are used to reduce consolidated taxable income; while those companies with current taxable income as calculated under federal separate return provisions, are liable for payment determined as if they had each filed a separate return. However, current credit is given for any foreign tax credit, operating loss or investment tax credit carryovers actually used in the current consolidated return. The Company participates as a party to the agreement and had $19,143,642 and $2,958,102 recoverable under the agreement as of December 31, 2016 and 2015, respectively.

The Company is a party to an Expense Sharing Agreement between Cigna and various affiliates and subsidiaries. With the exception of a limited number of expenses held at the corporate level such as expenses relating to investments, the servicing of debt, and stock compensation as calculated under SFAS No. 123R, all operating expenses of Cigna were allocated. These allocations were based on work effort studies and other appropriate methods, while other expenses such as outside legal fees were directly charged to the related company. Cigna did not allocate any corporate overhead expenses to the Company in 2016 or 2015.

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

G. Ownership

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

H. Upstream Intermediate Entity – not applicable.

NOTES TO FINANCIAL STATEMENTS

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

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

K. Investments in Foreign Insurance Subsidiaries – not applicable.

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

M. Investment in SCA – not applicable.

N. Investment in Insurance – not applicable.

11. Debt

A. Debt and Capital Notes

The Company had no capital notes outstanding at December 31, 2016 and 2015.

The Company had no external borrowed money outstanding at December 31, 2016 and 2015.

The Company has entered into a line of credit agreement with Cigna Holdings, Inc. under which the Company may borrow up to $30,000,000. As of December 31, 2016 and 2015, there was no outstanding payable balance to Cigna Holdings, Inc. In 2015, the interest rate on loan amounts was an average yearly rate of 0.3478% and interest expense was $2,322. The Company had no borrowings in 2016.

B. FHLB Agreements – not applicable.

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

A. Defined Benefit Plan – not applicable.

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

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

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

E. Defined Contribution Plan – not applicable.

F. Multi-Employer Plan – not applicable.

G. Consolidated/Holding Company Plans – not applicable.

H. Postemployment Benefits and Compensated Absences – not applicable.

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

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

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

2. The Company has no preferred stock outstanding.

3. The payment of dividends by the Company to the shareholder is limited and can only be made from earned profits unless prior approval is received from the Department. The maximum amount of dividends that may be paid by insurance companies without prior approval is also subject to restrictions relating to statutory surplus and net income. The maximum ordinary dividend distribution allowed by the Company in 2017 is $28,020,315. The Company's dividends are noncumulative.

4. The Company did not pay any dividends in 2016. The Company paid ordinary dividends of $32,500,000 in 2015 to its Parent.

NOTES TO FINANCIAL STATEMENTS

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

6. Restrictions on Unassigned Surplus – none.

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

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

9. Special Surplus Funds – In December 2015, the federal appropriations legislation imposed a one-year moratorium on ACA Section 9010 insurer fee for 2017, with reinstatement expected in 2018. The Company had a change in the balance of the special surplus funds of $30,531,093 from the prior year due to the ACA insurer fee segregated surplus requirement.

10. Cumulative Unrealized Gains and Losses in Surplus –

    Unassigned surplus at December 31, 2016 and 2015 was reduced by cumulative net unrealized investment losses of $643,439 and $302,977, respectively.

11. Surplus Note – none.

12. Quasi-Reorganization – not applicable.

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

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments – none.

B. Assessments – none.

C. Gain Contingencies – none.

D. Claims-Related Extra Contractual Obligations – none.

E. Joint and Several Liabilities – none.

F. All Other Liabilities:

Litigation and Other Legal Matters:

Cigna and its subsidiaries (including the Company; and collectively known as Cigna) are routinely involved in numerous claims, lawsuits, regulatory audits, investigations and other legal matters arising, for the most part, in the ordinary course of managing a global health services business. These actions may include benefit disputes, breach of contract claims, tort claims, provider disputes, disputes regarding reinsurance arrangements, employment and employment discrimination-related suits, employee benefit claims, wage and hour claims, privacy, intellectual property claims and real estate related disputes. There are currently, and may be in the future, attempts to bring class action lawsuits against the industry. Cigna and its subsidiaries (including the Company) also are regularly engaged in IRS audits and may be subject to examinations by various state and foreign taxing authorities. Disputed income tax matters arising from these examinations, including those resulting in litigation, are accounted for under the NAIC's accounting guidance for tax loss contingencies. Further information on income tax matters can be found in Note 9.

When the Company (in the course of its regular review of pending litigation and legal or regulatory matters) has determined that a material loss is reasonably possible, the matter is disclosed. In accordance with statutory accounting principles, when litigation and regulatory matters present loss contingencies that are both probable and estimable, the Company accrues the estimated loss by a charge to income. The amount accrued represents the Company's best estimate of the probable loss at the time. If only a range of estimated losses can be determined, the Company accrues an amount within the range that, in the Company's judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, the Company accrues the minimum amount of the range.

In cases when the Company has accrued an estimated loss, the accrued amount may differ materially from the ultimate amount of the loss. In many proceedings, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount or range of any loss. The Company provides disclosure in the aggregate for material pending litigation and legal or regulatory matters, including accruals, range of loss, or a statement that such information cannot be estimated. As a litigation or regulatory matter develops, the Company monitors the matter for further developments that could affect the amount previously accrued, if any, and updates such amount accrued or disclosures previously provided as appropriate.

The outcome of litigation and other legal or regulatory matters is always uncertain and unfavorable outcomes that are not justified by the evidence or existing law can occur. Cigna and its subsidiaries (including the Company) believe that it has valid defenses to the matters pending against it and is defending itself vigorously. Except as otherwise noted, Cigna and its subsidiaries (including the Company) believes that the legal actions, regulatory matters, proceedings and investigations currently pending against them should not have a material adverse effect on Cigna and its subsidiaries' (including the Company's) results of operation, financial condition or liquidity based upon current knowledge and taking into consideration current accruals. Due to numerous uncertain factors presented in these cases, it is not possible to estimate an aggregate range of loss (if any) for these matters at this time. In light of the uncertainties involved in these matters, there is no assurance that their ultimate resolution will not exceed the amounts currently accrued by Cigna and its subsidiaries (including the Company). An adverse outcome in one or more of these matters could be material to Cigna and its subsidiaries' (including the Company's) results of operations, financial condition or liquidity for any particular period.

The business of administering and insuring health services programs, particularly health care and group insurance programs, is heavily regulated by federal and state laws and administrative agencies, such as state departments of insurance and the U.S. Departments of Health and Human Services, Treasury, Labor and Justice, as well as the courts. Health care regulation and legislation in its various forms, including the implementation of Health Care Reform, other regulatory reform initiatives, such as those relating to Medicare programs, or additional changes in existing laws or regulations or their interpretations, could have a material adverse effect on the Company's business, results of operations and financial condition.

In addition, there is heightened review by federal and state regulators of the health care, disability and life insurance industry business and related reporting practices. Cigna and its subsidiaries (including the Company) are frequently the subject of regulatory market conduct reviews and other examinations of its business and reporting practices, audits and investigations by state insurance and health and welfare departments, state attorneys general, CMS and the Office of Inspector General ("OIG"). With respect to Cigna's Medicare Advantage business, CMS and OIG perform audits to determine a health plan's compliance with federal regulations and contractual obligations, including compliance with proper coding practices (sometimes referred to as Risk Adjustment Data Validation Audits or "RADV audits"), that may result in retrospective adjustments to payments made to health plans. Regulatory actions can result in assessments, civil or criminal fines or penalties or other sanctions, including loss of licensing or exclusion from participating in government programs.

Regulation, legislation and judicial decisions have resulted in changes to industry and Cigna and its subsidiaries' (including the Company) business practices, financial liability or other sanctions and will continue to do so in the future.

Antitrust Litigation. On July 21, 2016, the U.S. Department of Justice ("DOJ") and certain state attorneys general filed a civil antitrust lawsuit in the U.S. District Court for the District of Columbia (the "District Court") seeking to block the merger and, on January 4, 2017, the parties concluded the District Court trial. On February 8, 2017, the District Court issued an order enjoining the proposed merger. Anthem filed a notice of appeal of the District Court's order with the U.S. Court of Appeals for the District of Columbia Circuit (the "Appeals Court") and requested an expedited appeal. On February 17, 2017, the Appeals Court granted Anthem's motion for an expedited appeal and set oral arguments for March 24, 2017. That same day, Cigna filed its notice of appeal of the District Court's order with the Appeals Court.

Litigation with Anthem. On February 14, 2017, Cigna delivered a notice to Anthem terminating the merger agreement, and notifying Anthem that it must pay Cigna the $1.85 billion reverse termination fee pursuant to the terms of the merger agreement. Also on February 14, 2017, Cigna filed suit against Anthem in the Delaware Court of Chancery (the

"Chancery Court"). The complaint sought declaratory judgments that Cigna's termination of the merger agreement was valid and that Anthem was not permitted to extend the termination date. The complaint also sought payment of the reverse termination fee and additional damages in an amount exceeding $13 billion, which includes the lost premium value to Cigna's shareholders caused by Anthem's willful breaches of the merger agreement.

Also on February 14, 2017, Anthem filed a lawsuit in the Chancery Court against Cigna seeking (i) a temporary restraining order to enjoin Cigna from terminating and taking any action contrary to the terms of the merger agreement, (ii) specific performance compelling Cigna to comply with the merger agreement and (iii) damages. On February 15, 2017, the Chancery Court granted Anthem's motion for a temporary restraining order and issued an order temporarily enjoining Cigna from terminating the Merger Agreement. This is not a decision on the merits of the case, but rather an order to ensure irrevocable actions do not take place before the Chancery Court's substantive review of the issues. Cigna will continue to abide by terms of the merger agreement until the expiration or lifting of the Chancery Court's order and any further review of the case by the Chancery Court. This order will be subject to review by the Chancery Court at a preliminary injunction hearing.

Cigna believes in the merits of their claims and dispute Anthem's claims, and intends to vigorously defend themselves and pursue their claims. The outcomes of lawsuits are inherently unpredictable, and Cigna may be unsuccessful in the ongoing litigation or any future claims or litigation.

Shareholder Litigation. Following announcement of Cigna's merger agreement with Anthem as discussed in Note 1, putative class action complaints (collectively the "complaints" or "Cigna Merger Litigation") were filed by purported Cigna shareholders on behalf of a purported class of Cigna shareholders. Additional lawsuits arising out of or relating to the merger agreement or the merger may be filed in the future.

Cigna, members of the Cigna board of directors, Anthem and Anthem Merger Sub Corp ("Merger Sub") have been named as defendants. The plaintiffs generally assert that the members of the Cigna board of directors breached their fiduciary duties to the Cigna shareholders during merger negotiations and by entering into the merger agreement and approving the merger, and that Cigna, Anthem and Merger Sub aided and abetted such breaches of fiduciary duties. The allegations include, among other things, that (1) the merger consideration undervalues Cigna, (2) the sales process leading up to the merger was flawed due to purported conflicts of interest of members of the Cigna board of directors and (3) certain provisions of the merger agreement inappropriately favor Anthem and inhibit competing bids. Plaintiffs seek, among other things, injunctive relief enjoining the merger, rescission of the merger agreement to the extent already implemented, and costs and damages.

Effective November 24, 2015, solely to avoid the costs, risks and uncertainties inherent in litigation, and without admitting any liability or wrongdoing, Cigna, Cigna's directors, Anthem and Merger Sub entered into a Memorandum of Understanding ("MOU") to settle the Cigna Merger Litigation. Subject to approval by the Connecticut Superior Court, Judicial District of Hartford and further definitive documentation in a settlement agreement that will be subject to customary conditions, the MOU resolved the Cigna Merger Litigation and provided that Cigna would make certain additional disclosures related to the merger. If the Court approves the settlement, the Cigna Merger Litigation will be dismissed with prejudice and all claims that were or could have been brought in any actions challenging any aspect of the merger, the merger agreement and any related disclosures will be released. In connection with the settlement, subject to the ultimate determination of the Court, plaintiffs' counsel may receive an award of reasonable fees. There can be no assurance that the parties will ultimately enter into a settlement agreement, or that the Court will approve the settlement even if the parties were to enter into such agreement. The MOU may terminate, if, among other reasons, the Court does not approve the settlement or the merger is not consummated for any reason.

Risk Adjustment Data Validation Audits. In connection with Centers for Medicare & Medicaid Services' (CMS) continuing statutory obligation to review risk score coding practices by Medicare Advantage plans, CMS is conducting audits of Medicare Advantage plans for compliance by the plans and their providers with proper coding practices (sometimes referred to as Risk Adjustment Data Validation Audits or RADV Audits). There can be no assurance that the Company will not be randomly selected or targeted for audit by CMS or that the outcome of such audit will not result in a material impact to the Company's results of operations and cash flows.

NOTES TO FINANCIAL STATEMENTS

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

The Company is currently assessing the payment error calculation methodology and awaiting further guidance from CMS regarding, among other matters, the application of a Fee For Service Adjuster to the audit recovery amounts. Because of the ongoing uncertainty, the Company remains unable to reasonably estimate the probability of CMS's assertion of a claim for recoupment of overpaid premiums or the amount of loss, or range of potential losses, associated with RADV Audits. Accordingly, the Company has not made an accrual related thereto.

The Company's Texas Medicare Advantage plan (H4513) was selected by CMS for a RADV Audit of the 2010 risk adjustment data used to determine 2011 premium rates. The Company's Texas plan received from CMS the RADV Audit member sample, and the audit occurred in 2014. At this time, no results have been reported by CMS.

The Company's Texas Medicare Advantage plan (H4513) was selected by CMS for a RADV Audit of the 2011 risk adjustment data used to determine 2012 premium rates. The Company's Texas plan received from CMS the RADV Audit member sample, and the audit occurred in 2016. At this time, no results have been reported by CMS.

The Company's Texas Medicare Advantage plan (H4513) was selected by CMS for a RADV Audit of the 2012 risk adjustment data used to determine 2013 premium rates. In September 2016, the Company's Texas plan received from CMS the RADV Audit member sample, and the audit began. The audit is currently in process with a submission deadline of material to CMS being February 6, 2017.

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

CMS actions. In January 2016, CMS issued to Cigna and its subsidiaries (including the Company) a Notice of Imposition of Immediate Intermediate Sanctions ("the Notice"). The Notice required Cigna to suspend certain enrollment and marketing activities for its Medicare Advantage Prescription Drug and Medicare Part D Plans. The sanctions do not impact the right of current enrollees to remain covered by our Medicare Advantage Prescription Drug or Medicare Part D Plans. Cigna and its subsidiaries (including the Company) continue to devote significant resources to remediation efforts.

CMS imposed sanctions based on its finding of deficiencies with Cigna's operations of its Parts C and D appeals and grievances, Part D formulary and benefit administration, and compliance program. While these matters were not resolved in time to participate in the 2017 Medicare Advantage and Part D annual enrollment period, Cigna continues to work with CMS to address the audit findings and have the sanctions lifted as quickly as possible. Cigna expects to have the sanctions lifted in time to participate in the 2018 annual enrollment period. The impact of disenrollment is not material to 2016 consolidated revenues and earnings. In 2017, Medicare enrollment and consolidated revenues will be materially impacted due to our inability to participate in annual enrollment. However, management does not anticipate that 2017 Cigna consolidated shareholders' net income or the Company's net income will be materially affected because Cigna expects to offset the margin impact of the revenue loss with several factors including significantly lower costs to remediate the sanctions and other operational efficiencies.

NOTES TO FINANCIAL STATEMENTS

On October 12, 2016, CMS announced Medicare Star Quality Ratings ("Star Ratings") for 2017. While Star Ratings are based on a number of plan performance measures that are evaluated each year, the projected Star Ratings for Cigna plans included certain reductions which are primarily attributable to the CMS audit discussed above. Under these revised Star Ratings, approximately 20% of Cigna's Medicare Advantage customers would be in a 4 Stars or greater plan. Cigna does not believe that these Star Ratings reflect the quality offerings Cigna HealthSpring provides to beneficiaries.

Cigna filed a Reconsideration request with CMS and will work fully with CMS through their process as well as consider additional alternatives to ensure that final Star Ratings more accurately reflect Cigna performance under the Star Ratings measures. Cigna remains committed to their partnership with CMS and to delivering quality products and services to seniors, while working to mitigate the impact these Star Ratings could have on offerings in 2018. There is no financial impact in 2016 or 2017 because these ratings apply to plans for the 2018 payment year. However, if Cigna is unsuccessful in restoring at least some of the Star Ratings, the effect in 2018 could be material to shareholders' net income. The actual impact on earnings in 2018 could potentially be offset in part by Cigna and its subsidiaries' (including the Company's) ability to restore some or all of the downgraded 2018 Star Ratings, modify product offerings and implement operational efficiencies in the Government business.

Final Medicare Advantage reimbursement rates for 2017 were published by CMS in April 2016. Preliminary Medicare Advantage reimbursement rates for 2018 were published by CMS in February 2017. We do not expect the new rates to have a material impact on our consolidated results of operations in 2017 and 2018.

Penn Treaty. Cigna and its subsidiaries (including the Company) are aware that Penn Treaty Network America Insurance Company, together with its subsidiary American Network Insurance Company (collectively "Penn Treaty") is in rehabilitation. In 2012, the state court denied the regulator's amended petitions for liquidation and set forth specific requirements and a deadline for the regulator to develop a plan of rehabilitation without liquidating Penn Treaty. The regulator has appealed the court's decision. More recently, the state court has been holding settlement conferences to attempt to resolve outstanding issues with the rehabilitation plan. In July 2016, the regulator, who is the rehabilitator, filed another amended petition for liquidation with the court. Based on the developments in this matter, it is reasonably likely that a guaranty fund assessment related to Penn Treaty will be finalized in 2017. Due to the uncertainties surrounding this matter, the Company's share of this guaranty fund assessment related to Penn Treaty is uncertain, but based on current information it is estimated to approximate $2,176,000 after-tax. The majority of this liability is expected to be offset by premium tax credit assets recognized in the same period the liability is recognized as a result of the recent revisions to SSAP 35R. These revisions (Ref #2016-38) allow accrual of premium tax assets based on in-force short-term health contract renewals in instances when retrospective-premium-based assessments are imposed on short-term health contracts for the insolvencies of insurers that wrote long-term care contracts. These revisions are initially effective for reporting periods beginning on or after January 1, 2017. The Company continues to monitor this situation.

G. Uncollectible Amounts - none

15. Leases

A. Lessee Operating Leases – none

B. Lessor Leases – none

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

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

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

3. Amount of Loss – not applicable.

4. Policy for Requiring Collateral – not applicable.

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

NOTES TO FINANCIAL STATEMENTS

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

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

C. Wash Sales – none.

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

A. ASO Plans – not applicable.

B. ASC Plans – not applicable.

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

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

Not applicable.

20. Fair Value Measurements

A. Fair Value Measurements

The Company's financial assets measured at fair value include bonds valued at the lower of cost or fair value when reported at fair value at the balance sheet date.

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

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

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

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

1. **Fair Value Measurements at Reporting Date** – The following tables provide information about the Company's financial instruments carried at fair value as of December 31, 2016 and 2015.

NOTES TO FINANCIAL STATEMENTS

Financial Assets at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
December 31, 2016				
Bonds	$ -	$ 8,709,441	$ 4,770,065	$ 13,479,506
December 31, 2015				
Bonds	$ -	$ 3,146,502	$ -	$ 3,146,502

During the years ended December 31, 2016 and 2015 there were no significant transfers between Levels 1 and 2. Transfers between levels are assumed to occur at the beginning of the quarter in which they occur.

2. **Fair Value Measurements in Level 3 of the Fair Value Hierarchy** – The following tables summarize the changes in financial instruments classified in Level 3 for the year ended December 31, 2016. There were none in 2015. Gains and losses reported in these tables may include net changes in fair value that are attributable to both observable and unobservable inputs.

For the Year Ended December 31, 2016

Level 3 Financial Assets	Beg Balance 1/1/16	Transfers into Level 3	Transfers out of Level 3	Total gains (losses) included in Net Income (1)	Total gains (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance 12/31/16
Bonds	$ -	$ 7,415,557	$ (1,233,345)	$ (128,878)	$ (788,031)	$ -	$ -	$ -	$ (495,238)	$ 4,770,065

(1) Bonds gains (losses) included in net income attributable to instruments held at reporting time were $(128,878).

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

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

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

NOTES TO FINANCIAL STATEMENTS

C. Aggregate Fair Value of All Financial Instruments

The following tables provide the fair value, carrying value, and classification in the fair value hierarchy of the Company's financial instruments as of December 31, 2016 and 2015.

Financial Assets	Aggregate Fair Value	Admitted Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Practicable (Carrying Value)
December 31, 2016						
Bonds	$ 301,560,130	$ 297,880,539	$ 7,402,514	$ 283,604,862	$ 10,552,754	$ -
Cash, Cash Equivalents, and Short-Term Investments	$ 80,110,030	$ 80,110,030	$ 8,089,082	$ 72,020,948	$ -	$ -
Total	$ 381,670,160	$ 377,990,569	$ 15,491,596	$ 355,625,810	$ 10,552,754	$ -
December 31, 2015						
Bonds	$ 302,607,591	$ 3,303,316	$ 7,370,684	$ 289,109,367	$ 6,127,540	$ -
Cash, Cash Equivalents, and Short-Term Investments	$ 80,034,566	$ -	$ 16,150,346	$ 63,884,220	$ -	$ -
Total	$ 382,642,157	$ 3,303,316	$ 23,521,030	$ 352,993,587	$ 6,127,540	$ -

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

Bonds

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

Short-Term Investments, Cash Equivalents, and Cash

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

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

21. Other Items

A. Unusual or Infrequent Items – none.

B. Troubled Debt Restructuring: Debtors – none.

C. Other Disclosures - none

D. Business Interruption Insurance Recoveries – none.

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

F. Subprime-Mortgage-Related Risk Exposure

1. The Company did not hold mortgage loans in 2016 and 2015 and, therefore, is not subject to the related risk exposure pertaining to subprime mortgages.
2. Direct Exposure through Investments in Subprime Loans – not applicable.
3. Direct Exposure through Other Investments – not applicable.
4. Underwriting Exposure to Subprime Mortgage Risk – not applicable.

G. Retained Assets – none.

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

NOTES TO FINANCIAL STATEMENTS

22. Events Subsequent

Type I – Recognized Subsequent Events:

The Company is not aware of any Type I events that occurred subsequent to the close of the books or accounts for this statement which would have a material effect on the financial condition of the Company. In preparing these financial statements, the Company evaluated events that occurred between the balance sheet date and February 27, 2017 for the statutory statement filed on February 27, 2017.

Type II – Nonrecognized Subsequent Events:

Subsequent events have been considered through February 27, 2017 for the statutory statement issued on February 27, 2017.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1- General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee or director of the Company?
Yes ( ) No (X)

(2) Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?
Yes ( ) No (X)

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?
Yes ( ) No (X)

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

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. None.

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

B. Uncollectible Reinsurance – none.

C. Commutation of Ceded Reinsurance – none.

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

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

As of December 31, 2016 and 2015, the Company accrued an estimated rebate of $724,020 and $776,727, respectively.

	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	$ —	—	—	$ 776,727	$ 776,727
(2) Medical loss ratio rebates paid	—	—	—	–	–
(3) Medical loss ratio rebates unpaid	—	—	—	776,727	776,727
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	–
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	–
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	$ 776,727
Current Reporting Year-to-date					
(7) Medical loss ratio rebates incurred	$ —	—	—	$ (52,707)	$ (52,707)
(8) Medical loss ratio rebates paid	—	—	—	–	–
(9) Medical loss ratio rebates unpaid	—	—	—	724,020	724,020
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	–
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	–
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	$ 724,020

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

25. Change in Incurred Claims and Claim Adjustment Expenses

The liability for claims unpaid as of December 31, 2015 was $143,364,561. During 2016, $138,873,136 has been paid on these liabilities. Reserves remaining for prior years are now $12,810,185, as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been an unfavorable prior year development of $8,318,760 since December 31, 2015. This release is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

NOTES TO FINANCIAL STATEMENTS

	Unpaid Claims	Accrued Medical Incentive Pool & Bonus	Healthcare Receivable	Total
12/31/2015 Balance	$ 143,364,561	$ 9,230,620	$ 33,142,749	$ 119,452,432
Paid/(Received)	138,873,136	7,620,107	27,737,571	118,755,672
Favorable/(Unfavorable) Development	(8,318,760)	(559,108)	362,727	(9,240,595)
12/31/2016 Balance for 2015 & Prior	$ 12,810,185	$ 2,169,621	$ 5,042,451	$ 9,937,355

Changes in unpaid claims adjustment expenses of $404,973 and $354,380 for 2016 and 2015, respectively, are included in claim adjustment expenses.

26. Intercompany Pooling Arrangements

A.-G. – none

27. Structured Settlements

Not applicable.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

The Estimated Pharmacy Rebates as Reported on Financial Statements for December 31, 2016 and 2015.

			Through December 31, 2016		
Quarter ended	**Estimated pharmacy rebates as reported in statutory basis financial statements**	**Pharmacy rebates as billed**	**Actual rebates received within 90 days of billing**	**Actual rebates received within 91 to 180 days of billing**	**Actual rebates received more than 180 days of billing**
December 31, 2016	$ 16,737,311	$ 16,736,131	$ —	$ —	$ —
September 30, 2016	17,999,701	17,669,543	17,668,363	—	—
June 30, 2016	19,047,127	17,750,475	17,748,136	2,339	—
March 31, 2016	18,977,014	18,759,328	17,849,864	909,464	—
December 31, 2015	$ 17,784,390	$ 16,853,342	$ 16,848,905	$ 4,437	$ —
September 30, 2015	17,662,611	17,074,426	16,577,285	438,743	58,398
June 30, 2015	22,347,246	15,815,722	15,122,868	642,013	50,841
March 31, 2015	39,546,478	13,826,444	7,237,257	6,542,533	46,654
December 31, 2014	$ 76,750,628	$ 58,356,894	$ 27,071,677	$ 31,285,217	$ —
September 30, 2014	78,302,018	53,664,654	27,219,635	26,445,019	—
June 30, 2014	86,784,435	56,074,079	27,901,201	26,030,603	2,142,275
March 31, 2014	60,559,492	58,566,867	29,787,957	27,257,450	1,521,460

NOTES TO FINANCIAL STATEMENTS

B. Risk Sharing Receivables

Calendar Year	Evaluation Period	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Receivable First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received - All Other
2016	2016	$ —	$ 1,699,168	$ —	$ 1,699,168	$ —	$ —	$ —	$ —
	2017	XXX	—	XXX	—	XXX	—	XXX	—
2015	2015	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
	2016	XXX	—	XXX	—	XXX	—	XXX	—
2014	2014	$ 786,961	$ —	$ 1,991,986	$ —	$ 1,991,986	$ —	$	$ —
	2015	XXX	—	XXX	—	XXX	—	XXX	—

C. Other Healthcare Receivables

Other Healthcare receivables included:

Claims overpayment receivables	$ 1,597,865
Capitation arrangement receivables	63,331
Other healthcare receivables	3,828,120
	$ 5,489,316

29. Participating Policies

None.

30. Premium Deficiency Reserves

Premium deficiencies occur when it is probable that expected claims expense (hospital/medical expenses and administrative expenses) will exceed future premiums on existing insurance contracts. For purposes of estimating premium deficiency losses, contracts are grouped in a manner consistent with the Company's method of acquiring, servicing, and measuring the profitability of such contracts. At December 31, 2016 and 2015, the Company had liabilities of $27,455,010 and $14,982,414, respectively, related to premium deficiency reserves on its Medicaid business. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

1. Liability carried for premium deficiency reserves	$ 27,455,010
2. Date of the most recent evaluation of this liability	January 19, 2017
3. Was anticipated investment income utilized in the calculation?	No

31. Anticipated Salvage and Subrogation

None.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]
If yes, complete Schedule Y, Parts 1, 1A and 2

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State Regulating? Texas

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

2.2 If yes, date of change:

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

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2014

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/25/2016

3.4 By what department or departments?
Texas Department of Insurance

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

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

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [ ] No [X]
4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [ ] No [X]

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

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

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

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

6.2 If yes, give full information:

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

7.2 If yes,
7.21 State the percentage of foreign control; %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

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

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

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

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

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

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

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

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

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

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

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Gregory N. Malone, Appointed Actuary, Cigna Healthcare Reserving, 900 Cottage Grove Road, Bloomfield, CT 06152

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value $

12.2 If, yes provide explanation:

13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No [ ]

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

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

FINANCIAL

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

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

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

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

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

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

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $
- 22.22 Amount paid as expenses $
- 22.23 Other amounts paid $

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

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

INVESTMENT

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

24.02 If no, give full and complete information relating thereto

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

25.21 Subject to repurchase agreements $
25.22 Subject to reverse repurchase agreements $
25.23 Subject to dollar repurchase agreements $
25.24 Subject to reverse dollar repurchase agreements $
25.25 Placed under option agreements $
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock $
25.27 FHLB Capital Stock $
25.28 On deposit with states $ 8,061,425
25.29 On deposit with other regulatory bodies $
25.30 Pledged as collateral - excluding collateral pledged to an FHLB $
25.31 Pledged as collateral to FHLB - including assets backing funding agreements $
25.32 Other $

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JPMorgan Chase Bank, N.A.	4 Chase MetroTech Center Brooklyn, New York 11245

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]
28.04 If yes, give full and complete information relating thereto:

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

GENERAL INTERROGATORIES

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

1 Name of Firm or Individual	2 Affiliation
Cigna Investments, Inc. 900 Cottage Grove Road, Bloomfield, CT 06002	A

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

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

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

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
105811	CIGNA Investments, Inc.	Not available	Securities & Exchange Commission (SEC)	DS

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

29.2 If yes, complete the following schedule:

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

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	369,901,487	373,581,083	3,679,596
30.2 Preferred stocks	0		0
30.3 Totals	369,901,487	373,581,083	3,679,596

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

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

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

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

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

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

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

1 Name	2 Amount Paid

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

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

1 Name	2 Amount Paid

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

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

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

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above $

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	2,360,407,904	2,209,296,062
2.2	Premium Denominator	2,360,407,904	2,209,296,062
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	209,867,353	181,528,198
2.5	Reserve Denominator	209,867,354	181,528,198
2.6	Reserve Ratio (2.4/2.5)	1.000	1.000

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

3.2 If yes, give particulars:

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

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

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

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

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical $ 0

5.32 Medical Only $ 0

5.33 Medicare Supplement $ 0

5.34 Dental & Vision $ 0

5.35 Other Limited Benefit Plan $ 0

5.36 Other $ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Contracts contain "hold-harmless" language.

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

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 20,733

8.2 Number of providers at end of reporting year 22,721

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

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months $

9.22 Business with rate guarantees over 36 months $

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No [ ]

10.2 If yes:

10.21 Maximum amount payable bonuses	$	5,248,320
10.22 Amount actually paid for year bonuses	$	(11,144,490)
10.23 Maximum amount payable withholds	$	
10.24 Amount actually paid for year withholds	$	

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,	Yes [ ] No [X]
11.13 An Individual Practice Association (IPA), or,	Yes [ ] No [X]
11.14 A Mixed Model (combination of above)?	Yes [ ] No [X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No [ ]

11.3 If yes, show the name of the state requiring such minimum capital and surplus. Texas

11.4 If yes, show the amount required. $ 1,700,000

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [X]

11.6 If the amount is calculated, show the calculation

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

1 Name of Service Area
Alabama - Part D
Alaska - Part D
Arizona - Part D
Arkansas - Part D
California - Part D
Colorado - Part D
Connecticut - Part D
Delaware - Part D
District of Columbia - Part D
Florida - Part D
Georgia - Part D
Hawaii - Part D
Idaho - Part D
Illinois - Part D
Indiana - Part D
Iowa - Part D
Kansas - Part D
Kentucky - Part D
Louisiana - Part D
Maine - Part D
Maryland - Part D
Massachusetts - Part D
Michigan - Part D
Minnesota - Part D
Mississippi - Part D
Missouri - Part D
Montana - Part D
Nebraska - Part D
Nevada - Part D
New Hampshire - Part D
New Jersey - Part D
New Mexico - Part D
New York - Part D
North Carolina - Part D
North Dakota - Part D
Ohio - Part D
Oklahoma - Part D
Oregon - Part D
Pennsylvania - Part D
Rhode Island - Part D
South Carolina - Part D
South Dakota - Part D
Tennessee - Part D
Texas - Part D
Utah - Part D
Vermont - Part D
Virginia - Part D
Washington - Part D
West Virginia - Part D
Wisconsin - Part D
Wyoming - Part D
Catoosa, GA
Dade, GA
Walker, GA
Anderson, TX
Angelina, TX
Bexar, TX
Bowie, TX
Brazoria, TX
Cameron, TX
Camp, TX

1 Name of Service Area
Cass, TX
Chambers, TX
Cherokee, TX
Collin, TX
Cooke, TX
Dallas, TX
Delta, TX
Denton, TX
Duvall, TX
Ellis, TX
El Paso, TX
Fannin, TX
Fort Bend, TX
Franklin , TX
Galveston, TX
Grayson, TX
Gregg, TX
Hardin, TX
Harris, TX
Harrison, TX
Henderson, TX
Hidalgo, TX
Hood, TX
Hopkins, TX
Houston, TX
Hunt, TX
Jasper, TX
Jefferson, TX
Jim Hogg, TX
Jim Wells, TX
Johnson, TX
Kaufman, TX
Lamar, TX
Liberty, TX
Marion, TX
Maverick, TX
McMullen , TX
Montague, TX
Montgomery, TX
Morris, TX
Nacogdoches, TX
Navarro, TX
Newton, TX
Nueces, TX
Orange , TX
Panola, TX
Parker, TX
Polk, TX
Rains, TX
Red River, TX
Rockwall, TX
Rusk, TX
Sabine, TX
San Augustine, TX
San Jacinto, TX
Shelby, TX
Smith, TX
Starr, TX
Tarrant, TX
Titus , TX
Travis, TX
Trinity, TX
Tyler, TX
Upshur, TX
Van Zandt, TX
Walker, TX
Waller, TX
Webb, TX
Willacy, TX
Wise, TX
Wood, TX
Zapata, TX

13.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. $

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

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

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

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

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

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

15.1 Direct Premium Written $ 0

15.2 Total Incurred Claims $ 0

15.3 Number of Covered Lives 0

*Ordinary Life Insurance Includes
Term(whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary gurarantee)
Universal Life (with or without secondary gurarantee)
Variable Universal Life (with or without secondary gurarantee)

FIVE-YEAR HISTORICAL DATA

		1 2016	2 2015	3 2014	4 2013	5 2012
	Balance Sheet (Pages 2 and 3)					
1.	Total admitted assets (Page 2, Line 28)	602,829,479	613,953,794	586,050,035	671,908,978	796,241,036
2.	Total liabilities (Page 3, Line 24)	322,626,324	286,576,831	257,315,426	287,174,011	356,922,081
3.	Statutory minimum capital and surplus requirement	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
4.	Total capital and surplus (Page 3, Line 33)	280,203,155	327,376,963	328,734,609	384,734,967	439,318,956
	Income Statement (Page 4)					
5.	Total revenues (Line 8)	2,366,989,790	2,213,499,831	2,205,421,691	2,124,314,637	2,167,787,015
6.	Total medical and hospital expenses (Line 18)	2,028,664,874	1,815,181,348	1,823,249,406	1,737,091,020	1,711,096,177
7.	Claims adjustment expenses (Line 20)	157,438,242	143,828,585	140,299,062	68,277,164	84,215,413
8.	Total administrative expenses (Line 21)	233,977,273	223,274,842	192,290,949	205,581,871	183,561,772
9.	Net underwriting gain (loss) (Line 24)	(65,563,195)	61,460,103	13,562,421	104,156,973	189,116,342
10.	Net investment gain (loss) (Line 27)	9,880,001	8,451,012	10,043,997	5,968,440	4,137,501
11.	Total other income (Lines 28 plus 29)	(14,550)	(607,154)	(6,325,295)	(16,162,584)	(11,307,022)
12.	Net income or (loss) (Line 32)	(50,827,858)	46,054,710	(6,586,059)	57,404,471	118,002,056
	Cash Flow (Page 6)					
13.	Net cash from operations (Line 11)	(6,398,484)	103,716,862	(175,616,476)	(13,871,086)	381,847,876
	Risk-Based Capital Analysis					
14.	Total adjusted capital	280,203,155	327,376,963	328,734,609	384,734,967	439,318,956
15.	Authorized control level risk-based capital	78,871,713	71,221,971	63,834,514	53,103,177	50,264,854
	Enrollment (Exhibit 1)					
16.	Total members at end of period (Column 5, Line 7)	161,995	166,636	511,731	592,201	741,913
17.	Total members months (Column 6, Line 7)	2,028,888	1,959,109	6,328,529	7,226,846	9,023,887
	Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18.	Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19.	Total hospital and medical plus other non-health (Lines 18 plus Line 19)	85.9	82.2	82.8	81.7	78.9
20.	Cost containment expenses	5.7	5.9	5.9	2.7	3.6
21.	Other claims adjustment expenses	0.9	0.6	0.5	0.5	0.3
22.	Total underwriting deductions (Line 23)	103.1	97.4	99.5	95.0	91.3
23.	Total underwriting gain (loss) (Line 24)	(2.8)	2.8	0.6	4.9	8.7
	Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24.	Total claims incurred for prior years (Line 13, Col. 5)	128,693,027	7,698,936	76,884,319	75,166,005	30,330,793
25.	Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	119,452,431	51,100,486	96,143,766	97,415,922	44,267,950
	Investments In Parent, Subsidiaries and Affiliates					
26.	Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27.	Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
28.	Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)					
29.	Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30.	Affiliated mortgage loans on real estate					
31.	All other affiliated					
32.	Total of above Lines 26 to 31	0	0	0	0	0
33.	Total investment in parent included in Lines 26 to 31 above.					

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

If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
States, etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama AL	L	(78)						(78)	
2. Alaska AK	L	(14)						(14)	
3. Arizona AZ	L	(33)						(33)	
4. Arkansas AR	L	(22)	15,559,943					15,559,921	
5. California CA	L	(57)						(57)	
6. Colorado CO	L	(5)						(5)	
7. Connecticut CT	L	(6)						(6)	
8. Delaware DE	L	(9)						(9)	
9. District of Columbia DC	L	(12)						(12)	
10. Florida FL	L	(6)						(6)	
11. Georgia GA	L	(10)	26,904,457					26,904,447	
12. Hawaii HI	L	(11)						(11)	
13. Idaho ID	L	(21)						(21)	
14. Illinois IL	L	(269)						(269)	
15. Indiana IN	L	(12)						(12)	
16. Iowa IA	L	(4)						(4)	
17. Kansas KS	L	(6)						(6)	
18. Kentucky KY	L	(9)						(9)	
19. Louisiana LA	L	(73)						(73)	
20. Maine ME	L	(2)						(2)	
21. Maryland MD	L	(50)						(50)	
22. Massachusetts MA	L	(12)						(12)	
23. Michigan MI	L	(29)						(29)	
24. Minnesota MN	L	(5)						(5)	
25. Mississippi MS	L	(65)						(65)	
26. Missouri MO	L	(9)						(9)	
27. Montana MT	L	(2)						(2)	
28. Nebraska NE	L	(2)						(2)	
29. Nevada NV	L	(7)						(7)	
30. New Hampshire NH	L	(2)						(2)	
31. New Jersey NJ	L	(6)						(6)	
32. New Mexico NM	L	(1)						(1)	
33. New York NY	L	(253)						(253)	
34. North Carolina NC	L	(7)						(7)	
35. North Dakota ND	L	(1)						(1)	
36. Ohio OH	L	(11)						(11)	
37. Oklahoma OK	L	(12)						(12)	
38. Oregon OR	L	(41)						(41)	
39. Pennsylvania PA	L	(65)						(65)	
40. Rhode Island RI	L	(2)						(2)	
41. South Carolina SC	L	(10)						(10)	
42. South Dakota SD	L	(1)						(1)	
43. Tennessee TN	L	(106)						(106)	
44. Texas TX	L	(306)	1,457,749,684	860,195,631				2,317,945,009	
45. Utah UT	L	(17)						(17)	
46. Vermont VT	L	(1)						(1)	
47. Virginia VA	L	(10)						(10)	
48. Washington WA	L	(90)						(90)	
49. West Virginia WV	L	(19)						(19)	
50. Wisconsin WI	L	(9)						(9)	
51. Wyoming WY	L	(1)						(1)	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	N							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CAN	N							0	
58. Aggregate other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	(1,811)	1,500,214,084	860,195,631	0	0	0	2,360,407,904	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 51	(1,811)	1,500,214,084	860,195,631	0	0	0	2,360,407,904	0
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

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

All Medicaid premiums are written in the state of Texas; Part D premiums are allocated based on prior year MMR data by state; Medicare Advantage premiums for GA and most of TX are based upon premiums received from the Centers for Medicare and Medicaid Services (CMS); Medicare Advantage Premiums for the Southwest Expansion (including some of TX and all Medicare premiums for AR) are allocated based on member months by health plan.

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

SCHEDULE Y
PART 1 – ORGANIZATIONAL CHART

The following is a listing identifying and indicating the interrelationships among all affiliated insurers (identified by an asterisk, and if such insurer is incorporated in the United States of America, by a Federal Employer Identification Number, NAIC Company Code and Jurisdiction of Incorporation) and all other affiliates, as of December 31, 2016:

Cigna CORPORATION
(A Delaware corporation and ultimate parent company)

- Cigna Holdings, Inc.
  - Cigna Intellectual Property, Inc.
  - Cigna Investment Group, Inc.
    - Cigna International Finance Inc.
    - Former Cigna Investments, Inc.
    - Cigna Investments, Inc.
      - Cigna Benefits Financing, Inc. (EI # 010947889, DE)
  - Connecticut General Corporation
    - Benefit Management Corp. (EI # 81-0585518)
      - *Allegiance Life & Health Insurance Company (EI # 20-4433475, NAIC # 12814, MT)
      - *Allegiance Re, Inc. (EI # 20-3851464, MT)
      - Allegiance Benefit Plan Management, Inc.
      - Allegiance COBRA Services, Inc.
      - Allegiance Provider Direct, LLC
      - Community Health Network, LLC
      - Intermountain Underwriters, Inc.
      - Star Point, LLC
    - HealthSpring, Inc.
      - NewQuest, LLC
        - NewQuest Management Northeast, LLC
          - *Bravo Health Mid-Atlantic, Inc. (EI # 52-2259087, NAIC # 10095, MD)
          - *Bravo Health Pennsylvania, Inc. (EI # 52-2363406, NAIC # 11254, PA)
        - *HealthSpring Life & Health Insurance Company (EI # 20-8534298, NAIC # 12902, TX)
        - *HealthSpring of Alabama, Inc. (EI # 63-0925225, NAIC # 95781, AL)
        - *HealthSpring of Florida, Inc. (EI # 65-1129599, NAIC #11532, FL)
        - NewQuest Management of Illinois, LLC
        - NewQuest Management of Florida, LLC
        - HealthSpring Management of America, LLC
        - NewQuest Management of West Virginia, LLC
        - TexQuest, LLC
        - HouQuest, LLC
          - GulfQuest, LP
        - NewQuest Management of Alabama, LLC
        - HealthSpring USA, LLC
        - HealthSpring Management, Inc.
          - HealthSpring of Tennessee, Inc. (EI # 62-1593150, NAIC # 11522, MD)
          - Tennessee Quest, LLC
        - HealthSpring Pharmacy Services, LLC
          - HealthSpring Pharmacy of Tennessee, LLC
        - Home Physicians Management, LLC
          - Alegis Care Services, LLC
    - *Cigna Arbor Life Insurance Company (EI # 03-0452349, NAIC # 13733, CT)
    - Cigna Behavioral Health, Inc.

SCHEDULE Y
PART 1 – ORGANIZATIONAL CHART

- Cigna Behavioral Health of California, Inc. (EI# 94-3107309)
- Cigna Behavioral Health of Texas, Inc. (EI# 75-2751090)
- MCC Independent Practice Association of New York, Inc.

Cigna Dental Health, Inc.
- Cigna Dental Health of California, Inc. (EI# 59-2600475, CA)
- Cigna Dental Health of Colorado, Inc. (EI# 59-2675861, NAIC # 11175, CO)
- Cigna Dental Health of Delaware, Inc. (EI# 59-2676987, NAIC # 95380, DE)
- Cigna Dental Health of Florida, Inc. (EI# 59-1611217, NAIC # 52021, FL)
- Cigna Dental Health of Illinois, Inc. (EI# 06-1351097, IL)
- Cigna Dental Health of Kansas, Inc. (EI# 59-2625350, NAIC # 52024, KS)
- Cigna Dental Health of Kentucky, Inc. (EI# 59-2619589, NAIC # 52108, KY)
- Cigna Dental Health of Missouri, Inc. (EI#06-1582068, NAIC # 11160, MO)
- Cigna Dental Health of New Jersey, Inc. (EI# 59-2308062, NAIC # 11167, NJ)
- Cigna Dental Health of North Carolina, Inc. (EI# 56-1803464 , NAIC # 95179, NC)
- Cigna Dental Health of Ohio, Inc. (EI# 59-2579774, NAIC # 47805, OH)
- Cigna Dental Health of Pennsylvania, Inc. (EI# 52-1220578, NAIC # 47041, PA)
- Cigna Dental Health of Texas, Inc. (EI# 59-2676977, NAIC # 95037, TX)
- Cigna Dental Health of Virginia, Inc. (EI# 52-2188914, NAIC # 52617, VA)
- Cigna Dental Health Plan of Arizona, Inc. (EI# 86-0807222, NAIC # 47013, AZ)
- Cigna Dental Health of Maryland, Inc. (EI#20-2844020, NAIC #48119, MD)

Cigna Health Corporation
- Healthsource, Inc.
  - Cigna HealthCare of Arizona, Inc. (EI# 86-0334392, NAIC#95125, AZ)
  - Cigna HealthCare of California, Inc. (EI# 95-3310115, CA)
  - Cigna HealthCare of Colorado, Inc. (EI# 84-1004500, NAIC # 95604, CO)
  - Cigna HealthCare of Connecticut, Inc. (EI# 06-1141174, NAIC # 95660, CT)
  - Cigna HealthCare of Florida, Inc. (EI# 59-2089259, NAIC # 95136, FL)
  - Cigna HealthCare of Illinois, Inc. (EI# 36-3385638, NAIC # 95602, IL)
  - Cigna HealthCare of Maine, Inc. (EI# 01-0418220, NAIC # 95447, ME)
  - Cigna HealthCare of Massachusetts, Inc. (EI# 02-0402111, NAIC # 95220, MA)
  - Cigna HealthCare Mid-Atlantic, Inc. (EI# 52-1404350, NAIC # 95599, MD)
  - Cigna HealthCare of New Hampshire, Inc. (EI# 02-0387749, NAIC # 95493, NH)
  - Cigna HealthCare of New Jersey, Inc. (EI# 22-2720890, NAIC # 95500, NJ)
  - Cigna HealthCare of Pennsylvania, Inc. (EI# 23-2301807, NAIC # 95121, PA)
  - Cigna HealthCare of St. Louis, Inc. (EI# 36-3359925, NAIC # 95635, MO)

SCHEDULE Y
PART 1 – ORGANIZATIONAL CHART

- Cigna HealthCare of Utah, Inc. (EI# 62-1230908, NAIC # 95518, UT)
- Cigna HealthCare of Georgia, Inc. (EI# 58-1641057, NAIC # 96229, GA)
- Cigna HealthCare of Texas, Inc. (EI# 74-2767437, NAIC # 95383, TX)
- Cigna HealthCare of Indiana, Inc. (EI# 35-1679172, NAIC # 95525, IN)
- Cigna HealthCare of Tennessee, Inc. (EI# 62-1218053, NAIC # 95606, TN)
- Cigna HealthCare of North Carolina, Inc. (EI# 56-1479515, NAIC# 95132, NC)
- Cigna HealthCare of South Carolina, Inc. (EI# 06-1185590, NAIC # 95708, SC)
- *Temple Insurance Company Limited
- Arizona Health Plan, Inc.
- Healthsource Properties, Inc.

Managed Care Consultants, Inc.

Cigna Benefit Technology Solutions, Inc.

Sagamore Health Network, Inc.

Cigna Healthcare Holdings, Inc. (EI# 84-0985843)
- Great-West Healthcare of Illinois, Inc. (EI# 93-1174749, NAIC 95388, IL)
- Cigna Healthcare, Inc.

*Cigna Life Insurance Company of New York (EI# 13-2556568, NAIC # 64548, NY)

*Connecticut General Life Insurance Company (EI# 06-0303370, NAIC # 62308, CT)
- CG Mystic Center LLC
  - Station Landing LLC
- CG Mystic Land LLC
- CG Skyline, LLC
  - Skyline ND/CG LLC
    - Skyline Mezzanine Borrower, LLC
      - Skyline at Station Landing, LLC
- Careallies, LLC
- CG Bayport LLC
  - Bayport Colony Apartments LLC
- Cigna Onsite Health, LLC
- Gillette Ridge Community Council, Inc.
- Gillette Ridge Golf LLC
- Hazard Center Investment Company LLC
- Tel-Drug of Pennsylvania, LLC
- GRG Acquisitions LLC
- Cigna Affiliates Realty Investment Group, LLC (EI# 27-5402196, DE)
  - CR Longwood Investors, LP
    - ND/CR Longwood LLC
      - ARE/ND/CR Longwood LLC
  - Secon Properties, LP
  - Transwestern Federal Holdings, L.L.C.
    - Transwestern Federal, L.L.C.
  - Market Street Residential Holdings LLC
    - Arborpoint at Market Street LLC
  - Diamondview Tower CM-CG LLC
  - CR Washington Street Investors LP

SCHEDULE Y
PART 1 – ORGANIZATIONAL CHART

- Dulles Town Center Mall, LLC
- ND/CR Unicorn LLC
- Union Wharf Apartments LLC
- AMD Apartments Limited Partnership
- SP Newport Crossing LLC
- PUR Arbors Apartments Venture LLC
- CG Seventh Street, LLC
- Ideal Properties II LLC
- Alessandro Partners, LLC
- Mallory Square Partners I, LLC
- Houston Briar Forest Apartments Limited Partnership
- Newtown Partners II, LP
- Newtown Square GP LLC
- AFA Apartments Limited Partnership
- SB-SNH LLC
  - 680 Investors LLC
  - 685 New Hampshire LLC
- CGGL 18301 LLC
- 222 Main Street Caring GP LLC
- 222 Main Street Investors LP
- Notch 8 Residential, L.L.C.
- UVL, LLC
- 3601 North Fairfax Drive Associates, LLC
- CI Perris 151, LLC
- Lakehills CM - CG LLC
- Affiliated Hotel Subsidiary LLC
- CGGL 6280 LLC
- Berewick Apartments LLC
- CIG-LEI Ygnacio Associates LLC
- CGGL Orange Collection LLC
  - CGGL Chapman LLC
  - CGGL City Parkway LLC
- Heights at Bear Creek Venture LLC

CORAC LLC
- Bridgepoint Office Park Associates, LLC (EI# 27-3923999, DE)
- Fairway Center Associates, LLC (EI# 27-3126102, DE)
- Henry on the Park Associates, LLC (EI 27-3582688, DE)

*Cigna Health and Life Insurance Company (EI # 59-1031071, NAIC # 67369, CT)
- CarePlexus, LLC (EI# 45-2681649; DE)
- Cigna Corporate Services, LLC (EI 27-3396038, DE)
- Cigna Insurance Agency, LLC (EI # 27-1903785, CT)
- Ceres Sales of Ohio, LLC (EI # 34-1970892, OH)
- Central Reserve Life Insurance Company (EI # 34-0970995, NAIC # 61727, OH)
  - Provident American Life & Health Insurance Company (EI # 23-1335885, NAIC # 67903, OH)
    - United Benefit Life Insurance Company (EI # 75-2305400, NAIC # 65269, OH)
- Loyal American Life Insurance Company (EI # 63-0343428, NAIC # 65722, OH)

SCHEDULE Y
PART 1 – ORGANIZATIONAL CHART

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|       |             |       |
|       |             |       | American Retirement Life Insurance Company
|       |             |       (EI # 59-2760189, NAIC # 88366, OH)
|       |             |
|       |             |QualCare Alliance Networks, Inc.
|       |                     |
|       |                     |QualCare, Inc.
|       |                     |Scibal Associates, Inc.
|       |                     |QualCare Captive Insurance Company Inc., PCC
|       |                     |QualCare Management Resources Limited Liability Company
|       |                     |Health-Lynx, LLC
|       |
                      |Sterling Life Insurance Company
                      (EI # 13-1867829. NAIC # 77399.IL)
                              |Olympic Health Management Sytesms, Inc.
                                      |Olympic Health Management Services, Inc.

                      |WorldDoc, Inc.

|       | Cigna Health Management, Inc.
|       |(EI# 23-1728483, DE)
|       |
|       |Kronos Optimal Health Company
|       |(20-8064696, AZ)
|       |
|       |*Life Insurance Company of North America
|       | (EI# 23-1503749, NAIC # 65498, PA)
|       |       |
|       |       |*Cigna & CMB Life Insurance Company Limited
|       |       | (remaining interest owned by an unaffiliated party)
|       |       |
|       |       | Cigna Direct Marketing Company, Inc.
|       |       |
|       | Tel-Drug, Inc.
|       |
|       | Cigna Global Wellbeing  Holdings Limited
|       |       |
|       |       |  Cigna Global Wellbeing Solutions Limited
|       |       |  Vielife Services, Inc.
|       |
|       | CG Individual Tax Benefit Payments, Inc.
|       |
|       | CG Life Pension Benefits Payments, Inc.
|       |
|       | CG LINA Pension Benefits Payments, Inc.
|       |
|       | Cigna Federal Benefits, Inc.
|       |
|       | Cigna Healthcare Benefits, Inc.
|       |
|       | Cigna Integratedcare, Inc.
|       |
|       | Cigna Managed Care Benefits Company
|       |
|       | Cigna Re Corporation
|       |       |
|       |       |  Blodget & Hazard Limited
|       |
|       | Cigna Resource Manager, Inc.
|       |
|       | Connecticut General Benefit Payments, Inc.
|       |
|       | Healthsource Benefits, Inc.
|       |
|       | IHN, Inc.
|       |
|       | LINA Benefit Payments, Inc.
|       |
|       | Mediversal, Inc.
|       |       |
|       |       | Universal Claims Administration
|       |
|       |CareAllies, Inc.
|
| Cigna Global Holdings, Inc.
|       |
|       |Cigna International Corporation, Inc.
|       |
|       |Cigna International Services, Inc.
|       |
|       |Cigna International Marketing (Thailand) Limited
|       |
|       |CGO Participatos LTDA
|       |
|       |YCFM Servicos LTDA
|       |
|       |*Cigna Global Reinsurance Company, Ltd.
|       |       |
|       |       | Cigna Holdings Overseas, Inc.
|       |       |       |
|       |       |       | Cigna Bellevue Alpha LLC
|       |       |       |
|       |       |       |
|       |       |       | Cigna Linden Holdings, Inc.
|       |       |       |       |
|       |       |       |       |Cigna Laurel Holdings, Ltd.

|       |       |       |       |       Cigna Palmetto Holdings, Ltd.

        |       |       |       |         |Cigna Apac Holdings Limited

                |       |       |       |      |Cigna Alder Holdings, LLC

                |       |       |       |      |Cigna Walnut Holdings, Ltd.
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SCHEDULE Y
PART 1 – ORGANIZATIONAL CHART

Cigna Chestnut Holdings, Ltd.
*LINA Life Insurance Company of Korea
Cigna Korea Foundation
Cigna International Services Australia Pty Ltd.
Cigna Hong Kong Holdings Company Limited
Cigna Data Services (Shanghai) Company Limited
Cigna HLA Technology Services Limited
*Cigna Worldwide General Insurance Company Limited
*Cigna Worldwide Life Insurance Company Limited
Cigna International Health Services Sdn Bhd.
*Cigna Life Insurance New Zealand Limited
Grown Ups New Zealand Limited
*Cigna Life Insurance Company of Canada (AA-1560515)
Cigna Korea Chusik Heosa (A/K/A Cigna Korea Company Limited)
LINA Financial Service
RHP (Thailand) Limited
*Cigna Brokerage & Marketing (Thailand) Limited
KDM (Thailand) Limited
*Cigna Insurance Public Company Limited
Cigna Taiwan Life Assurance Company Limited
Cigna Myrtle Holdings, Ltd.
Cigna Elmwood Holdings, SPRL
Cigna Beechwood Holdings
Cigna Life Insurance Company of Europe S.A.-N.V.
Cigna Europe Insurance Company S.A.-N.V.
Cigna European Services (UK) Limited
Cigna 2000 UK Pension LTD
Cigna Oak Holdings, LTD.
Cigna Willow Holdings, LTD.
FirstAssist Administration Limited
Cigna Legal Protection Limited
Cigna Insurance Services (Europe) Ltd.
Cigna International Health Services, BVBA
Cigna International Health Services, LLC
Cigna International Health Services Kenya Limited
Cigna Sequoia Holdings, SPRL
Cigna Cedar Holdings, Ltd.
Cigna Magnolia Holdings, Ltd.
Cigna Turkey Danismanlik Hizmetleri, A.S (A/K/ACigna Turkey Consultancy Services, A.S.)
Cigna Nederland Alpha Cooperatief U.A.
Cigna Nederland Beta B.V.
Cigna Nederland Gamma B.V.
Cigna Finans Emeklilik Ve Hayat A.S.
Cigna Health Solution India Pvt. Ltd.
Cigna Poplar Holdings, Inc.
PT GAR Indonesia
PT PGU Indonesia
*Cigna Global Insurance Company Limited
Cigna TTK Health Insurance Company Limited
Cigna Saico Benefits Services W.L.L.
*Cigna Worldwide Insurance Company (EI# 23-2088429, NAIC # 90859, DE)
*PT. Asuransi Cigna
Cigna Teak Holdings, LLC

OVERFLOW PAGE FOR WRITE-INS

NONE

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business 7
Assets 2
Cash Flow 6
Exhibit 1 - Enrollment By Product Type for Health Business Only 17
Exhibit 2 - Accident and Health Premiums Due and Unpaid 18
Exhibit 3 - Health Care Receivables 19
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued 20
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus 21
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates 22
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates 23
Exhibit 7 - Part 1 - Summary of Transactions With Providers 24
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries 24
Exhibit 8 - Furniture, Equipment and Supplies Owned 25
Exhibit of Capital Gains (Losses) 15
Exhibit of Net Investment Income 15
Exhibit of Nonadmitted Assets 16
Exhibit of Premiums, Enrollment and Utilization (State Page) 30
Five-Year Historical Data 29
General Interrogatories 27
Jurat Page 1
Liabilities, Capital and Surplus 3
Notes To Financial Statements 26
Overflow Page For Write-ins 44
Schedule A - Part 1 ..... E01
Schedule A - Part 2 ..... E02
Schedule A - Part 3 ..... E03
Schedule A - Verification Between Years SI02
Schedule B - Part 1 ..... E04
Schedule B - Part 2 ..... E05
Schedule B - Part 3 ..... E06
Schedule B - Verification Between Years SI02
Schedule BA - Part 1 ..... E07
Schedule BA - Part 2 ..... E08
Schedule BA - Part 3 ..... E09
Schedule BA - Verification Between Years SI03
Schedule D - Part 1 ..... E10
Schedule D - Part 1A - Section 1 ..... SI05
Schedule D - Part 1A - Section 2 ..... SI08
Schedule D - Part 2 - Section 1 ..... E11
Schedule D - Part 2 - Section 2 ..... E12
Schedule D - Part 3 ..... E13
Schedule D - Part 4 ..... E14
Schedule D - Part 5 ..... E15
Schedule D - Part 6 - Section 1 ..... E16
Schedule D - Part 6 - Section 2 ..... E16
Schedule D - Summary By Country SI04
Schedule D - Verification Between Years SI03
Schedule DA - Part 1 ..... E17
Schedule DA - Verification Between Years SI10
Schedule DB - Part A - Section 1 ..... E18
Schedule DB - Part A - Section 2 ..... E19
Schedule DB - Part A - Verification Between Years SI11
Schedule DB - Part B - Section 1 ..... E20
Schedule DB - Part B - Section 2 ..... E21
Schedule DB - Part B - Verification Between Years SI11
Schedule DB - Part C - Section 1 ..... SI12
Schedule DB - Part C - Section 2 ..... SI13
Schedule DB - Part D - Section 1 ..... E22
Schedule DB - Part D - Section 2 ..... E23
Schedule DB - Verification SI14
Schedule DL - Part 1 ..... E24
Schedule DL - Part 2 ..... E25
Schedule E - Part 1 - Cash E26
Schedule E - Part 2 - Cash Equivalents E27
Schedule E - Part 3 - Special Deposits E28
Schedule E - Verification Between Years SI15

ANNUAL STATEMENT BLANK (Continued)

Schedule S - Part 1 - Section 2	31
Schedule S - Part 2	32
Schedule S - Part 3 - Section 2	33
Schedule S - Part 4	34
Schedule S - Part 5	35
Schedule S - Part 6	36
Schedule S - Part 7	37
Schedule T - Part 2 - Interstate Compact	39
Schedule T - Premiums and Other Considerations	38
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
Schedule Y - Part 2 - Summary of Insurer’s Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14