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ANNUAL STATEMENT

For the Year Ended December 31, 2018

of the Condition and Affairs of the

HMO Partners, Inc

NAIC Group Code..... 876, 876 (Current Period) (Prior Period) NAIC Company Code..... 95442 Employer's ID Number..... 71-0747497

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

Licensed as Business Type Health Maintenance Organization Is HMO Federally Qualified? Yes [X] No [ ]

Incorporated/Organized..... November 8, 1993 Commenced Business..... January 1, 1994

Statutory Home Office	320 West Capitol .. Little Rock .. AR .. US .. 72203-8069 *(Street and Number) (City or Town, State, Country and Zip Code)*	
Main Administrative Office	320 West Capitol .. Little Rock .. AR .. US .. 72203-8069 *(Street and Number) (City or Town, State, Country and Zip Code)*	501-221-1800 *(Area Code) (Telephone Number)*
Mail Address	320 West Capitol .. Little Rock .. AR .. US .. 72203-8069 *(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)*	
Primary Location of Books and Records	601 S. Gaines .. Little Rock .. AR .. US .. 72201 *(Street and Number) (City or Town, State, Country and Zip Code)*	501-378-2000 *(Area Code) (Telephone Number)*
Internet Web Site Address	healthadvantage-hmo.com	
Statutory Statement Contact	Scott Bradley Winter *(Name)*	501-399-3951 *(Area Code) (Telephone Number) (Extension)*
	sbwinter@arkbluecross.com *(E-Mail Address)*	501-378-3258 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. John Charles Glassford Jr.	President/CEO	2. Gray Donald Dillard	Treasurer/CFO
3. Scott Bradley Winter	Assistant Treasurer	4. Kathleen O'Dea Ryan	Vice President

OTHER

David Frank Bridges	Assistant Secretary	Robert Cecil Roberts	Vice Chairman
Steven Aaron Spaulding #	Chairman		

DIRECTORS OR TRUSTEES

James Robert Bailey	Curtis Edwin Barnett	Gray Donald Dillard	Lavanda Moore Gangluff APN
John Charles Glassford Jr.	Richard Loyd Gore DDS	Matthew Ridgway Jones #	Calvin Eugene Kellogg
Charles Edgar Phillips MD	Robert Cecil Roberts	Tonya Renee Robertson #	Steven Aaron Spaulding
Sherman Ellis Tate	Troy Russell Wells		

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

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

(Signature)	(Signature)	(Signature)
John Charles Glassford Jr.	Gray Donald Dillard	Scott Bradley Winter
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President/CEO	Treasurer/CFO	Assistant Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____ 2019

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	52,973,802		52,973,802	40,342,609
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	6,204,484		6,204,484	17,410,126
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....28,610,824, Schedule E-Part 1), cash equivalents ($.....3,036,476, Schedule E-Part 2) and short-term investments ($.....2,471,927, Schedule DA)	34,119,227		34,119,227	43,778,195
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)	9,714,189		9,714,189	
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)	103,011,702	0	103,011,702	101,530,930
13. Title plants less $.....0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	399,707		399,707	363,518
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums ($.....3,104,608) and contracts subject to redetermination ($.....267,971)	3,372,580	12,460	3,360,120	3,141,547
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,730,951		1,730,951	2,142,020
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans	11,921,678	376	11,921,302	16,517,500
18.1 Current federal and foreign income tax recoverable and interest thereon	1,823,274		1,823,274	2,034,930
18.2 Net deferred tax asset	1,004,291	123,789	880,502	
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets ($.....0)			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates			0	
24. Health care ($.....4,685,976) and other amounts receivable	5,644,921	958,945	4,685,976	3,293,365
25. Aggregate write-ins for other-than-invested assets	1,218,180	700,000	518,180	595,730
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	130,127,284	1,795,570	128,331,714	129,619,539
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTAL (Lines 26 and 27)	130,127,284	1,795,570	128,331,714	129,619,539

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Supplemental Savings Plan	440,948		440,948	478,033
2502. Other Assets	777,232	700,000	77,232	117,697
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,218,180	700,000	518,180	595,730

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less $.....8,748,677 reinsurance ceded)	23,565,491		23,565,491	21,050,120
2.	Accrued medical incentive pool and bonus amounts	3,916,577		3,916,577	3,777,518
3.	Unpaid claims adjustment expenses	471,728		471,728	472,111
4.	Aggregate health policy reserves, including the liability of $.....115,845 for medical loss ratio rebate per the Public Health Service Act	445,146		445,146	185,600
5.	Aggregate life policy reserves			0	
6.	Property/casualty unearned premium reserves			0	
7.	Aggregate health claim reserves			0	
8.	Premiums received in advance	3,442,031		3,442,031	3,316,757
9.	General expenses due or accrued	3,313,477		3,313,477	1,098,421
10.1	Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))			0	
10.2	Net deferred tax liability			0	377,930
11.	Ceded reinsurance premiums payable	174,157		174,157	169,637
12.	Amounts withheld or retained for the account of others	883,853		883,853	2,963,312
13.	Remittances and items not allocated	873,065		873,065	69,128
14.	Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15.	Amounts due to parent, subsidiaries and affiliates	10,683,311		10,683,311	10,684,229
16.	Derivatives			0	
17.	Payable for securities	298,864		298,864	
18.	Payable for securities lending			0	
19.	Funds held under reinsurance treaties with ($.....0 authorized reinsurers, $.....0 unauthorized reinsurers and $.....0 certified reinsurers)			0	
20.	Reinsurance in unauthorized and certified ($.....0) companies			0	
21.	Net adjustments in assets and liabilities due to foreign exchange rates			0	
22.	Liability for amounts held under uninsured plans	12,122,084		12,122,084	17,907,229
23.	Aggregate write-ins for other liabilities (including $.....0 current)	0	0	0	12,109
24.	Total liabilities (Lines 1 to 23)	60,189,782	0	60,189,782	62,084,101
25.	Aggregate write-ins for special surplus funds	XXX	XXX	0	3,100,000
26.	Common capital stock	XXX	XXX	10,000	10,000
27.	Preferred capital stock	XXX	XXX		
28.	Gross paid in and contributed surplus	XXX	XXX	1,919,153	1,919,153
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	66,212,781	62,506,286
32.	Less treasury stock at cost:				
	32.1 .....0.000 shares common (value included in Line 26 $.....0)	XXX	XXX		
	32.2 .....0.000 shares preferred (value included in Line 27 $.....0)	XXX	XXX		
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	68,141,934	67,535,438
34.	Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	128,331,716	129,619,539

DETAILS OF WRITE-INS

2301.	Unclaimed property			0	11,606
2302.	Miscellaneous payables			0	504
2303.				0	
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399.	Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	12,109
2501.	2018 ACA Insurer Fee estimate	XXX	XXX		3,100,000
2502.		XXX	XXX		
2503.		XXX	XXX		
2598.	Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	3,100,000
3001.		XXX	XXX		
3002.		XXX	XXX		
3003.		XXX	XXX		
3098.	Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099.	Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member months	XXX	617,868	602,271
2.	Net premium income (including $.....0 non-health premium income)	XXX	226,790,781	206,662,410
3.	Change in unearned premium reserves and reserve for rate credits	XXX		
4.	Fee-for-service (net of $.....0 medical expenses)	XXX		
5.	Risk revenue	XXX		
6.	Aggregate write-ins for other health care related revenues	XXX	0	0
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	226,790,781	206,662,410
Hospital and Medical:				
9.	Hospital/medical benefits		170,240,268	161,292,902
10.	Other professional services			
11.	Outside referrals		1,985,383	2,404,860
12.	Emergency room and out-of-area		46,128,993	37,746,556
13.	Prescription drugs		67,051,988	66,621,645
14.	Aggregate write-ins for other hospital and medical	0	0	0
15.	Incentive pool, withhold adjustments and bonus amounts		(6,298,424)	(4,250,371)
16.	Subtotal (Lines 9 to 15)	0	279,108,208	263,815,593
Less:				
17.	Net reinsurance recoveries		88,173,795	91,441,763
18.	Total hospital and medical (Lines 16 minus 17)	0	190,934,413	172,373,830
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including $.....8,487,443 cost containment expenses		9,181,040	7,501,887
21.	General administrative expenses		27,310,681	19,814,964
22.	Increase in reserves for life and accident and health contracts including $.....0 increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)	0	227,426,134	199,690,681
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(635,353)	6,971,730
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		2,030,478	1,272,736
26.	Net realized capital gains or (losses) less capital gains tax of $.....1,575,955		5,928,586	717,251
27.	Net investment gains or (losses) (Lines 25 plus 26)	0	7,959,064	1,989,987
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29.	Aggregate write-ins for other income or expenses	0	221,690	324,342
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	7,545,400	9,286,059
31.	Federal and foreign income taxes incurred	XXX	1,135,702	2,558,805
32.	Net income (loss) (Lines 30 minus 31)	XXX	6,409,698	6,727,254

DETAILS OF WRITE-INS

0601.		XXX		
0602.		XXX		
0603.		XXX		
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699.	Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.		XXX		
0702.		XXX		
0703.		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799.	Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.				
1402.				
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901.	Licensing fee income		160,000	160,000
2902.	Miscellaneous Income		61,690	164,342
2903.				
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	221,690	324,342

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	67,535,434	58,336,460
34. Net income or (loss) from Line 32	6,409,698	6,727,254
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains and (losses) less capital gains tax of $.....0	(6,481,030)	668,766
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(363,104)	1,042,975
39. Change in nonadmitted assets	1,713,661	759,978
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders	(672,727)	
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	606,499	9,198,973
49. Capital and surplus end of reporting period (Line 33 plus 48)	68,141,933	67,535,434

DETAILS OF WRITE-INS

4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

		1 Current Year	2 Prior Year
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	226,689,541	207,389,569
2.	Net investment income	2,301,750	1,764,177
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	228,991,291	209,153,746
5.	Benefit and loss related payments	188,531,116	167,039,001
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	34,136,916	36,918,099
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	2,500,001	(568,882)
10.	Total (Lines 5 through 9)	225,168,032	203,388,218
11.	Net cash from operations (Line 4 minus Line 10)	3,823,259	5,765,528
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	25,727,750	13,539,556
	12.2 Stocks	11,293,698	2,249,344
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets	106,110	
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(541)	
	12.7 Miscellaneous proceeds	298,864	
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	37,425,881	15,788,901
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	38,890,485	13,327,030
	13.2 Stocks	208,097	628,396
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets	10,150,082	
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)	49,248,664	13,955,426
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	(11,822,783)	1,833,475
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders	672,727	
	16.6 Other cash provided (applied)	(986,717)	1,481,305
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,659,444)	1,481,305
	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)	(9,658,968)	9,080,307
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	43,778,198	34,697,891
	19.2 End of year (Line 18 plus Line 19.1)	34,119,231	43,778,198

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

20.0001			

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	226,790,781	207,547,603					19,243,177			
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $.....0 medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	226,790,781	207,547,603	0	0	0	0	19,243,177	0	0	0
8. Hospital/medical benefits	170,240,268	144,285,748					25,954,520			XXX
9. Other professional services	0									XXX
10. Outside referrals	1,985,383	1,985,383								XXX
11. Emergency room and out-of-area	46,128,993	45,649,134					479,859			XXX
12. Prescription drugs	67,051,988	59,563,668					7,488,320			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	(6,298,424)	(8,774,585)					2,476,161			XXX
15. Subtotal (Lines 8 to 14)	279,108,208	242,709,348	0	0	0	0	36,398,860	0	0	XXX
16. Net reinsurance recoveries	88,173,795	67,552,184					20,621,611			XXX
17. Total hospital and medical (Lines 15 minus 16)	190,934,413	175,157,164	0	0	0	0	15,777,249	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....8,487,443 cost containment expenses	9,181,040	4,623,191					1,625,482		2,932,367	
20. General administrative expenses	27,310,681	22,422,817					1,835,869		3,051,995	
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	227,426,134	202,203,172	0	0	0	0	19,238,600	0	5,984,362	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(635,353)	5,344,431	0	0	0	0	4,577	0	(5,984,362)	0
DETAILS OF WRITE-INS										
0501.	0									XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	285,244,305		77,696,702	207,547,603
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare	43,055,274		23,812,097	19,243,177
7. Title XIX - Medicaid				0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	328,299,579	0	101,508,799	226,790,781
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	328,299,579	0	101,508,799	226,790,781

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	287,028,967	246,815,265					40,213,702			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	92,253,495	69,053,554					23,199,941			
1.4 Net	194,775,472	177,761,711	0	0	0	0	17,013,761	0	0	0
2. Paid medical incentive pools and bonuses	(6,437,752)	(7,903,980)					1,466,228			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	32,314,168	27,737,593					4,576,575			
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	8,748,676	6,113,911					2,634,765			
3.4 Net	23,565,492	21,623,682	0	0	0	0	1,941,810	0	0	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	3,916,576	1,075,481					2,841,095			
6. Net healthcare receivables (a)	469,076	(94,772)					563,848			
7. Amounts recoverable from reinsurers December 31, current year	1,730,951	1,730,951								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	33,467,428	29,820,112					3,647,316			
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	12,417,308	10,394,698					2,022,610			
8.4 Net	21,050,120	19,425,414	0	0	0	0	1,624,706	0	0	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	3,777,518	1,946,356					1,831,162			
11. Amounts recoverable from reinsurers December 31, prior year	2,142,020	2,142,020								
12. Incurred benefits:										
12.1 Direct	285,406,631	244,827,518	0	0	0	0	40,579,113	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	88,173,794	64,361,698	0	0	0	0	23,812,096	0	0	0
12.4 Net	197,232,837	180,465,820	0	0	0	0	16,767,017	0	0	0
13. Incurred medical incentive pools and bonuses	(6,298,694)	(8,774,855)	0	0	0	0	2,476,161	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct	9,124,495	8,802,299					322,196			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	1,096,480	901,152					195,328			
1.4 Net	8,028,015	7,901,147	0	0	0	0	126,868	0	0	0
2. Incurred but unreported:										
2.1 Direct	23,189,673	18,935,294					4,254,379			
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	7,652,196	5,212,759					2,439,437			
2.4 Net	15,537,477	13,722,535	0	0	0	0	1,814,942	0	0	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	32,314,168	27,737,593	0	0	0	0	4,576,575	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	8,748,676	6,113,911	0	0	0	0	2,634,765	0	0	0
4.4 Net	23,565,492	21,623,682	0	0	0	0	1,941,810	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	19,494,418	164,369,903	77,378	21,759,969	19,571,796	19,610,966
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare	849,330	12,428,170	10,402	1,717,742	859,732	1,439,154
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	20,343,748	176,798,073	87,780	23,477,711	20,431,528	21,050,120
10. Healthcare receivables (a)		2,424,086			0	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts	1,561,396	(7,999,148)	918,080	2,998,497	2,479,476	3,777,518
13. Totals (Lines 9 - 10 + 11 + 12)	21,905,144	166,374,839	1,005,860	26,476,208	22,911,004	24,827,638

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	135,004	135,063	135,063	135,063	135,063
2. 2014	133,238	148,802	148,775	148,775	148,775
3. 2015	XXX	133,661	153,921	154,052	154,052
4. 2016	XXX	XXX	152,781	175,707	173,246
5. 2017	XXX	XXX	XXX	161,916	174,476
6. 2018	XXX	XXX	XXX	XXX	176,948

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	135,121	135,063	135,063	135,063	135,063
2. 2014	151,680	149,323	148,775	148,775	148,775
3. 2015	XXX	154,563	153,765	154,052	154,052
4. 2016	XXX	XXX	169,458	173,869	173,246
5. 2017	XXX	XXX	XXX	175,446	174,491
6. 2018	XXX	XXX	XXX	XXX	200,425

12.GT

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2014	171,533	148,775	3,895	2.6	152,670	89.0			152,670	89.0
2. 2015	177,319	154,052	4,943	3.2	158,995	89.7			158,995	89.7
3. 2016	191,141	173,246	7,985	4.6	181,231	94.8			181,231	94.8
4. 2017	206,662	174,476	7,502	4.3	181,978	88.1	918		182,896	88.5
5. 2018	226,791	176,948	6,248	3.5	183,196	80.8	26,564	472	210,232	92.7

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

($000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	135,004	135,063	135,063	135,063	135,063
2. 2014	133,238	148,802	148,775	148,775	148,775
3. 2015	XXX	133,661	153,921	154,052	154,052
4. 2016	XXX	XXX	151,307	173,487	170,997
5. 2017	XXX	XXX	XXX	154,522	166,261
6. 2018	XXX	XXX	XXX	XXX	164,520

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	135,121	135,063	135,063	135,063	135,063
2. 2014	151,680	149,323	148,775	148,775	148,775
3. 2015	XXX	154,563	153,765	154,052	154,052
4. 2016	XXX	XXX	167,513	171,642	170,997
5. 2017	XXX	XXX	XXX	166,620	166,244
6. 2018	XXX	XXX	XXX	XXX	186,279

12.HM

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2014	171,533	148,775	3,895	2.6	152,670	89.0			152,670	89.0
2. 2015	177,319	154,052	4,943	3.2	158,995	89.7			158,995	89.7
3. 2016	185,994	170,997	7,719	4.5	178,716	96.1			178,716	96.1
4. 2017	194,468	166,261	6,326	3.8	172,587	88.7			172,587	88.7
5. 2018	207,548	164,520	4,623	2.8	169,143	81.5	22,700	371	192,214	92.6

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

($000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior					
2. 2014					
3. 2015	XXX				
4. 2016	XXX	XXX	1,474	2,220	2,249
5. 2017	XXX	XXX	XXX	7,394	8,215
6. 2018	XXX	XXX	XXX	XXX	12,428

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior					
2. 2014					
3. 2015	XXX				
4. 2016	XXX	XXX	1,945	2,227	2,249
5. 2017	XXX	XXX	XXX	8,826	8,247
6. 2018	XXX	XXX	XXX	XXX	14,146

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2014		0		0.0	0	0.0			0	0.0
2. 2015		0		0.0	0	0.0			0	0.0
3. 2016	5,147	2,249	266	11.8	2,515	48.9			2,515	48.9
4. 2017	12,194	8,215	1,176	14.3	9,391	77.0	918		10,309	84.5
5. 2018	19,243	12,428	1,625	13.1	14,053	73.0	3,864	101	18,018	93.6

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves	0								
2. Additional policy reserves (a)	0								
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $.....0 for investment income)	445,146						445,146		
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	445,146	0	0	0	0	0	445,146	0	0
7. Reinsurance ceded	0								
8. Totals (net) (Page 3, Line 4)	445,146	0	0	0	0	0	445,146	0	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0

DETAILS OF WRITE-INS

0501.	0								
0502.	0								
0503.	0								
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.	0								
1102.	0								
1103.	0								
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		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)	25,622	95,251	551,840		672,713
2. Salaries, wages and other benefits	7,773,590	2,353,294	30,512,583		40,639,467
3. Commissions (less $.....0 ceded plus $.....0 assumed)			5,873,022		5,873,022
4. Legal fees and expenses			250,377		250,377
5. Certifications and accreditation fees	74				74
6. Auditing, actuarial and other consulting services	386,213	1,240	1,904,685		2,292,138
7. Traveling expenses	116,368	4,207	409,162		529,737
8. Marketing and advertising	3,775		801,147		804,922
9. Postage, express and telephone	48,464	537,388	774,265		1,360,117
10. Printing and office supplies	68,657	14,029	563,911		646,597
11. Occupancy, depreciation and amortization	130,419	41,835	453,730		625,984
12. Equipment	24,423	10,292	282,670		317,385
13. Cost or depreciation of EDP equipment and software	467,720	214,831	6,523,568		7,206,119
14. Outsourced services including EDP, claims, and other services	2,348,372	(733,741)	3,909,783	187,022	5,711,436
15. Boards, bureaus and association fees	28,545	802	471,045		500,392
16. Insurance, except on real estate	141,947	9,357	217,991		369,295
17. Collection and bank service charges			135,683		135,683
18. Group service and administration fees	2,305,506	140,246	1,262		2,447,014
19. Reimbursements by uninsured plans	(1,719,978)	(371,794)	(12,223,449)		(14,315,221)
20. Reimbursements from fiscal intermediaries		3,831			3,831
21. Real estate expenses	108,598	39,264	534,877		682,739
22. Real estate taxes	10,854	4,255	51,522		66,631
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes		43,664	101,687		145,351
23.2 State premium taxes			1,429,557		1,429,557
23.3 Regulatory authority licenses and fees	27		3,868,357		3,868,384
23.4 Payroll taxes	397,646	127,615	1,419,913		1,945,174
23.5 Other (excluding federal income and real estate taxes)	3,109	1,697	43,143		47,949
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	(4,182,508)	(1,843,968)	(21,551,650)	0	(27,578,126)
26. Total expenses incurred (Lines 1 to 25)	8,487,443	693,595	27,310,681	187,022	(a) 36,678,742
27. Less expenses unpaid December 31, current year		471,728	3,313,477		3,785,205
28. Add expenses unpaid December 31, prior year		472,111	1,098,421		1,570,532
29. Amounts receivable relating to uninsured plans, prior year			90,289		90,289
30. Amounts receivable relating to uninsured plans, current year			6,593		6,593
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	8,487,443	693,978	25,011,929	187,022	34,380,373

DETAILS OF WRITE-INS

2501. Administrative Service Agreement			2,807,761		2,807,761
2502. Unpaid Claims Processing		(383)			(383)
2503. Ceded Administrative Expense	(4,192,668)	(1,945,646)	(24,853,359)		(30,991,673)
2598. Summary of remaining write-ins for Line 25 from overflow page	10,160	102,061	493,949	0	606,170
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	(4,182,508)	(1,843,968)	(21,551,650)	0	(27,578,126)

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

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 193,598	289,696
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 1,108,686	1,085,563
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	210,588	201,049
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) 193,712	481,129
7.	Derivative instruments	(f)	
8.	Other invested assets	160,063	160,063
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	1,866,647	2,217,500
11.	Investment expenses		(g) 187,022
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		187,022
17.	Net investment income (Line 10 minus Line 16)		2,030,478
	DETAILS OF WRITE-INS		
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....48,997 accrual of discount less $.....356,457 amortization of premium and less $.....187,441 paid for accrued interest on purchases.
(b) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $.....0 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....0 depreciation on real estate and $.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds	(10,600)		(10,600)		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	(222,301)		(222,301)	6,968	
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	7,757,586		7,757,586	(6,223,326)	
2.21	Common stocks of affiliates			0		
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	(541)		(541)		
7.	Derivative instruments			0		
8.	Other invested assets	(19,603)		(19,603)	(245,037)	
9.	Aggregate write-ins for capital gains (losses)	0	0	0	(19,635)	0
10.	Total capital gains (losses)	7,504,541	0	7,504,541	(6,481,030)	0
	DETAILS OF WRITE-INS					
0901.	SSP and other			0	(19,635)	
0902.				0		
0903.				0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	(19,635)	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			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
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums and contracts subject to redetermination	12,460		(12,460)
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	376	1,119,875	1,119,499
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	123,788		(123,788)
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. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable	958,945	1,689,355	730,410
25. Aggregate write-ins for other-than-invested assets	700,000	700,000	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	1,795,569	3,509,230	1,713,661
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	1,795,569	3,509,230	1,713,661

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Other Assets	700,000	700,000	0
2502.			0
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	700,000	700,000	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	7,652	7,636	7,557	7,543	7,487	90,912
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service	63,842	63,758	63,245	62,483	61,511	756,790
5. Indemnity only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	71,494	71,394	70,802	70,026	68,998	847,702

DETAILS OF WRITE-INS

0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of the company are presented on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department.

The Arkansas Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Arkansas for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Arkansas Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Arkansas.

	SSAP #	F/S Page	F/S Line #	2018	2017
NET INCOME					
(1) Company state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	$ 6,409,699	$ 6,727,254
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
				$	$
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
				$	$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	$ 6,409,699	$ 6,727,254
SURPLUS					
(5) Company state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	$ 68,141,934	$ 67,535,438
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
				$	$
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP					
				$	$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	$ 68,141,934	$ 67,535,438

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

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

C. Accounting Policy

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or polices. Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred.

In addition, the company uses the following accounting policies:

(1) Basis for Short-Term Investments

Short-term investments are stated at amortized cost.

(2) Basis for Bonds and Amortization Schedule

Bonds not backed by other loans are stated at amortized cost using the interest method.

(3) Basis for Common Stocks

Common Stock is stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.

(4) Basis for Preferred Stocks

The Company does not have preferred stock.

(5) Basis for Mortgage Loans

The Company does not have mortgage loans.

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

The Company does not have loan-backed securities

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

The Company does not have any investments in subsidiaries.

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

The Company does not have any investments in subsidiaries.

(9) Accounting Policies for Derivatives

The Company does have any derivatives.

(10) Anticipated Investment Income Used in Premium Deficiency Calculation

The Company does not anticipate investment income as a factor in the premium deficiency calculation.

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

When setting reserves, the Company employs the 5 methods that are described below. Based on the estimates of these methods and also retrospective considerations, the company sets a best estimate and then an explicit margin is added to ensure that the estimate is sufficient. The average of the methods, as well as the spread of the estimates, is also considered when setting the respective liabilities. Aggregate liabilities are tested against other aggregate estimation methods to check for reasonableness, and any additional margin or adjustments are made.

a. **Aggregate Method:** 12 months of paid claims are subtracted from 12 months of estimated incurred claims to get the liability estimate.
b. **3 Month Average Method**: For the base liability estimate, the average liability of the third, fourth, and fifth month prior to the current month is used. Adjustments are made for trend, membership change, and backlog to determine the current month's estimate of liability.
c. **Previous Year's IBNR Method:** This method is similar to the Three Month Average Method, except that the actual reserve from one year ago is used as the base estimate of liability. This is projected forward using adjustments for trend, membership change, and backlog.
d. **CY Lag Method:** This method calculates completion factors by incurral year. Completion factors used for the current year are based on the previous year's experience. Completion factors for the most recent 3 years are set manually.
e. **12 Month CF Method:** This method is identical to the CY Lag Method, except that historical completion factors are based on 12 months of rolling data.

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

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

(13) Method Used to Estimate Pharmaceutical Rebate Receivables

Pharmacy rebate receivable estimates are based upon the prior quarter's invoiced amounts.

D. Going Concern

For the period ending December 31, 2018 management has evaluated the Company's ability to continue as a going concern. Management has concluded that there is not substantial doubt that the Company can continue as a going concern, therefore, there are no policies in place to alleviate such situations.

Note 2 – Accounting Changes and Correction of Errors

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Arkansas. Effective January 1, 2001, the State of Arkansas adopted that insurance companies domiciled in the State of Arkansas prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001 subject to any deviations prescribed or permitted by the State of Arkansas insurance commissioner.

Accounting changes adopted to conform to the provisions of the *NAIC Accounting Practices and Procedures* manual – Version effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle.

There were no accounting changes or correction of errors from the prior period.

Note 3 – Business Combinations and Goodwill

The Company had no business combination or goodwill as of December 31, 2018.

A. Statutory Purchase Method

N/A

B. Statutory Merger

N/A

C. Assumption Reinsurance

N/A

D. Impairment Loss

N/A

Note 4 – Discontinued Operations

The Company had no discontinued operations as of December 31, 2018.

A.

N/A

B. Change in Plan of Sale of Discontinued Operation

N/A

C. Nature of any Significant Continuing Involvement with Discontinued Operations After Disposal

N/A

D. Equity Interest Retained in the Discontinued Operation After Disposal

N/A

Note 5 – Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans at this time.

B. Debt Restructuring

The Company has no debt restructuring at this time.

C. Reverse Mortgages

The Company has no reverse mortgages at this time.

D. Loan-Backed Securities

The Company has no loan-backed securities at this time.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

The Company has no repurchase agreements and/or security lending transactions at this time.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

The Company has no Repurchase Agreements Transactions Accounted for as Secured Borrowing.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing
Repurchase Transactions – Cash Provider – Overview of Secured Borrowing Transactions

The Company has no Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing.

H. Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Taker – Overview of Sale Transactions

The Company has no Repurchase Agreements Transactions Accounted for as a Sale.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Provider – Overview of Sale Transactions

The Company has no Working Capital Finance Investments at this time.

J. Real Estate

The Company has no investments in real estate at this time

K. Low-Income Housing Tax Credits (LIHTC)

The Company has no investments in low-income housing tax credits.

L. Restricted Assets

The Company has no restricted assets at this time.

M. Working Capital Finance Investments

The Company has no Working Capital Finance Investments at this time.

N. Offsetting and Netting of Assets and Liabilities

The Company does not offset or net Assets and Liabilities.

O. Structured Notes

The Company does not hold Structured Notes at this time.

P. 5GI Securities

The Company does not hold 5* Securities at this time.

Q. Short Sales

Not Applicable

R. Prepayment Penalty and Acceleration Fees

	General Account
(1) Number of CUSIPs	7
(2) Aggregate Amount of Insurance Income	$139,730.16

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

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

The Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies that exceed 10% of its admitted assets.

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

The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships, and Limited Liability Companies during the statement period.

Note 7 – Investment Income

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

N/A

B. The total amount excluded:

N/A

Note 8 – Derivative Instruments

A. Market Risk, Credit Risk and Cash Requirements

None

B. Objectives for Derivative User

None

C. Accounting Policies for Recognition and Measurement

None

D. Identification of Whether Derivative Contacts with Financing Premiums

None

E. Net Gain or Loss Recognized

None

F. Net Gain or Loss Recognized from Derivatives that no Longer Qualify for Hedge Accounting

None

G. Derivatives Accounted for as Cash Flow Hedges

None

H. Total Premium Costs for Contracts

None

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes

A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

	2018			2017			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	$ 1,410,793	$	$ 1,410,793	$ 1,674,661	$ 73,500	$ 1,748,161	$ (263,868)	$ (73,500)	$ (337,368)
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	$ 1,410,793	$	$ 1,410,793	$ 1,674,661	$ 73,500	$ 1,748,161	$ (263,868)	$ (73,500)	$ (337,368)
d. Deferred tax assets nonadmitted	123,789		123,789				123,789		123,789
e. Subtotal net admitted deferred tax asset (1c-1d)	$ 1,287,004	$	$ 1,287,004	$ 1,674,661	$ 73,500	$ 1,748,161	$ (387,657)	$ (73,500)	(461,157)
f. Deferred tax liabilities	1,264	405,238	406,502	3,267	2,122,824	2,126,091	(2,003)	(1,717,586)	(1,719,589)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 1,285,740	$ (405,238)	$ 880,502	$ 1,671,394	$ (2,049,324)	$ (377,930)	$ (385,654)	$ 1,644,086	$ 1,258,432

2. Admission Calculation Components SSAP No. 101

	2018			2017			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	880,502	880,502	1,761,004	1,126,833		1,126,833	(246,331)	880,502	634,171
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:									
Adjusted gross deferred tax assets expected to be realized following the balance sheet date									
Adjusted gross deferred tax assets allowed per limitation threshold									
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	406,502	406,502	813,004	547,830	73,500	621,330	(141,328)	333,002	191,674
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c)	1,287,004	1,287,004	2,574,008	1,674,663	73,500	1,748,163	(387,659)	1,213,504	825,845

3. Other Admissibility Criteria

		2018	2017
a.	Ratio percentage used to determine recovery period and threshold limitation amount	792.0%	902.0%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	65,208,490	62,506,286

4. Impact of Tax Planning Strategies

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

	12/31/ 2018		12/31/ 2017		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	1,410,793		1,674,661	73,500	(263,868)	(73,500)
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	%	%	%	%	%	%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	1,287,004		1,674,661	73,500	(387,657)	(73,500)
4 Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	%	%	%	%	%	%

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

B. Deferred Tax Liabilities Not Recognized

1. The types of temporary differences for which a DTL has not been recognized and the types of events that would cause those temporary differences to become taxable are:

N/A

2. The cumulative amount of each type of temporary difference is:

N/A

3. The amount of the unrecognized DTL for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration, if determination of that liability is practicable, or a statement that determination is not practicable are:

N/A

4. The amount of the DTL for temporary differences other than those in item (3) above that is not recognized is:

N/A

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 2018	2 2017	3 (Col 1-2) Change
a. Federal	1,135,730	2,537,655	(1,401,925)
b. Foreign			
c. Subtotal	1,135,730	2,537,655	(1,401,925)
d. Federal income tax on net capital gains	1,575,955	240,662	1,335,293
e. Utilization of capital loss carry-forwards			
f. Other	(28)	21,150	(21,178)
g. Federal and Foreign income taxes incurred	2,711,657	2,799,467	(87,810)

2. Deferred Tax Assets

	1 2018	2 2017	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	153,026	70,540	82,486
2. Unearned premium reserve	144,565	139,304	5,261
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual	702,711	693,959	8,752
9. Pension accrual			
10. Receivables - nonadmitted	351,074	736,938	(385,864)
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other (items <5% of total ordinary tax assets)			
Other (items >=5% of total ordinary tax assets)			
		33,920	(33,920)
99. Subtotal	1,410,793	1,674,661	(263,868)

b. Statutory valuation allowance adjustment			
c. Nonadmitted	123,789		123,789
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	1,287,004	1,674,661	(387,657)
e. Capital:			
1. Investments		73,500	(73,500)
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <5% of total capital tax assets)			
Other (items >=5% of total capital tax assets)			
99. Subtotal		73,500	(73,500)
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)		73,500	(73,500)
i. Admitted deferred tax assets (2d+2h)	1,287,004	1,748,161	(461,157)

3. Deferred Tax Liabilities

	1 2018	2 2017	3 (Col 1-2) Change
a. Ordinary:			
1. Investments	1,264	3,267	(2,003)
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <5% of total ordinary tax liabilities)			
Other (items >=5% of total ordinary tax liabilities)			
99. Subtotal	1,264	3,267	(2,003)
b. Capital:			
1. Investments	405,238	2,122,824	(1,717,586)
2. Real estate			
3. Other (Items <5% of total capital tax liabilities)			
Other (items >=5% of total capital tax liabilities)			
99. Subtotal	405,238	2,122,824	(1,717,586)
c. Deferred tax liabilities (3a99+3b99)	406,502	2,126,091	(1,719,589)
4. Net Deferred Tax Assets (2i – 3c)	880,502	(377,930)	1,258,432

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

	Amount	Effective Tax Rate (%)
Permanent Differences:		
Provision computed at statutory rate	1,915,485	21.0%
Proration of tax exempt investment income	4,140	%
Tax exempt income deduction		%
Dividends received deduction	(16,559)	(0.2)%
Disallowed travel and entertainment	9,603	0.1%
Other permanent differences	767,701	8.4%
Temporary Differences:		
Total ordinary DTAs		%
Total ordinary DTLs		%
Total capital DTAs		%
Total capital DTLs		%
Other:		
Statutory valuation allowance adjustment		%
Accrual adjustment – prior year	(9,261)	(0.1)%
Other	385,864	4.2%
Totals	3,056,973	33.5%
Federal and foreign income taxes incurred	1,135,702	12.5%
Realized capital gains (losses) tax	1,575,955	17.3%
Change in net deferred income taxes	345,315	3.8%
Total statutory income taxes	$ 3,056,972	33.5%

E. Operating Loss Carryfowards and Income Taxes Available for Recoupment

1. The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes:

Description (Operating Loss or Tax Credit Carry Forward)	Amounts	Origination Dates	Expiration Dates
None			

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

Year	Amounts
2018	2,711,684
2017	2,610,963

3. The Company's aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code is 0.

F. Consolidated Federal Income Tax Return

The Company does not file a Consolidated Federal Income Tax Return.

G. Federal or Foreign Federal Income Tax Loss Contingencies:

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

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

A. Nature of the Relationship Involved

The Company was formed on January 1, 1994. The Company's shareholders as of December 31, 2018 were Arkansas Blue Cross and Blue Shield (50%) and Baptist Medical System HMO, Inc. (50%). Effective October 1st, 2006, USAble Corporation, a wholly owned subsidiary of Arkansas Blue Cross and Blue Shield (ABCBS), sold its ownership interest in HMO Partners, Inc. to ABCBS for $27,143,396.

B & C. Transactions/Dollar Amounts of Transactions

The Company, d/b/a Health Advantage, serves as the Third Party Administrator for the self-insured employee groups of ABCBS and Baptist Health. All receivables and payables dealing with their employee groups are classified under Uninsured Plans. At December 31, 2018, receivables of $1,927,983 and $2,418,532 were due respectively from Baptist Health and ABCBS. Payable balances of $600,000 and $599,242 are recorded respectively for Baptist Health and ABCBS.

D. Amounts Due From or To Related Parties

At December 31, 2018 the Company reported the following amounts due to Affiliates:

Arkansas Blue Cross and Blue Shield	$10,617,759
USAble Life	65,552
Total	$10,683,311

E. Guarantees or Undertakings

N/A

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

The Company reimburses Arkansas Blue Cross and Blue Shield for various administrative, employee benefit and marketing shared expenses, which are provided to the Company. These expenses are allocated to the Company in accordance with generally accepted accounting principles. In addition, the Company leases office space from Arkansas Blue Cross and Blue Shield.

G. Nature of the Control Relationship

N/A

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

N/A

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

N/A

J. Investments in Impaired SCAs

N/A

K. Investment in Foreign Insurance Subsidiary

N/A

L. Investment in Downstream Noninsurance Holding Company

N/A

M. All SCA Investments

N/A

N. Investment in Insurance SCAs

N/A

O. SCA Loss Tracking

N/A

Note 11 – Debt

A. Debt Including Capital Notes

As of December 31, 2018, the Company has no capital notes. As of December 31, 2018, the Company's liability for borrowed money was zero ($-0-).

B. FHLB (Federal Home Loan Bank) Agreements

As of December 31, 2018, the Company has no FHLB agreements.

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

A. Defined Benefit Plan

N/A

B. Investment Policies and Strategies

N/A

C. Fair Value of Plan Assets

N/A

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

N/A

E. Defined Contribution Plans

The Company offers an optional 401(k) plan to all eligible employees. The employee has the option of deferring up to 50% of his or her salary. The Company matches the amount deferred by the employee based upon years of service from a minimum of 50% to a maximum of 100% of a 6% contribution.

Effective July 1, 1998, the plan was amended to establish a non-contributory, defined contribution portion of the plan known as 401(k) Plu$. Employees are not required to participate in the original defined contribution plan in order to receive benefits under the 401(k) Plu$ portion of the plan. At the end of each calendar year, employees will receive and annual 401(k) Plu$ contribution equal to a minimum of 2% of the employee's annual earnings. The determination of the percentage to be used in calculating the contribution is based upon annually established net income targets. For 2018, 8% has been used to calculate the Company's contribution of $613,435.

All funds under the 401(k) Plu$ portions of the plan are held by an outside trustee.

F. Multiemployer Plans

The Company does not participate in multiemployer plans.

G. Consolidated/Holding Company Plans

N/A

H. Postemployment Benefits and Compensated Absences

The Company does not offer a postretirement benefit plan.

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

N/A

Note 13 – Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

(1) Number of Share and Par or State Value of Each Class

As of December 31, 2018, the Company had 1,000,000 common stock shares authorized, issued and outstanding at $.01 par value.

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

The Company has no preferred stock outstanding.

(3) Dividend Restrictions

Dividends are paid based on earned surplus and cannot fall below state net worth requirements.

(4) Dates and Amounts of Dividends Paid

Dividends on Company stock are paid as declared by its Board of Directors. Ordinary dividends were paid on April 18, 2018 in the amount of $672,726.

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

All unassigned surplus is being held for the stockholder.

(6) Restrictions Plans on Unassigned Funds (Surplus)

As of December 31, 2018, the Company held no stock for special purposes such as employee stock options or conversion of preferred stock.

(7) Amount of Advances to Surplus not Repaid

The Company does not have any advances to surplus.

(8) Amount of Stock Held for Special Purposes

N/A

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

The Company has no special surplus funds.

(10)

The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gain and loss is $1,575,391.

(11)

The Company has no surplus notes.

(12)

The Company was not involved in a quasi-reorganization.

(13)

The Company was not involved in a quasi-reorganization.

Note 14 – Liabilities, Contingencies and Assessments

A. Contingent Commitments

None

B. Assessments

None

C. Gain Contingencies

None

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - Total SSAP 97 and SSAP 48 Contingent Liabilities

None

E. Joint and Several Liabilities

None

F. All Other Contingencies

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no asset that it considers to be impaired.

Note 15 – Leases

A. Lessee Operating Lease

The Company does not have any items related to lessee leasing arrangements at this time.

B. Lessor Leases

N/A

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

The Company does not have any off-balance sheet risk.

1.

N/A

2.

N/A

3.

N/A

4.

N/A

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

A. Transfers of Receivables Reported as Sales

The Company did not have any transfers of Receivables reported as Sales.

B. Transfer and Servicing of Financial Assets

The Company did not have any transfers or servings of Financial Assets.

C. Wash Sales

The Company did not have any Wash Sales.

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

A.

The gain from operations from Administrative Services Only (ASO) uninsured plans and he uninsured portion of partially insured plans was as follows during 2018:

		ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a.	Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ (1,891,642)	$	$ (1,891,642)
b.	Total net other income or expenses (including interest paid to or received from plans)			
c.	Net gain or (loss) from operations	(1,891,642)		(1,891,642)
d.	Total claim payment volume	$ 228,445,927	$	$ 228,445,927

B. ASC Plans

N/A

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

N/A

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

The Company does not currently have any direct premium written/produced by managing general agents/third party administrators.

Note 20 – Fair Value Measurements

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date

Description for Each Type of Asset or Liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Assets at Fair Value					
Other Invested Assets	$	$	$	$ 9,714,190	$ 9,714,190
Common Stock	$ 5,084,066	$ 1,120,418	$	$	$ 6,204,484
Supplemental Savings Plan	$ 440,948	$	$	$	$ 440,948
Total	$ 5,525,014	$ 1,120,418	$	$ 9,714,190	$ 16,359,622
Liabilities at Fair Value					
	$	$	$	$	$
Total	$	$	$	$	$

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

The Company does not have fair value measurements in Level 3.

(3) Policies when Transfers Between Levels are Recognized

The Company does not have any transfers between levels of fair value measurement.

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

As of December 31, 2018, the reported fair value of the reporting entities investments in Level 2 common stock was $1,120,418. These securities are foreign common stock. To measure their fair value, the reporting entity used current market prices in U.S. dollars.

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

N/A

C. Fair Value Level

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Other Invested Assets	$ 9,714,190	$	$	$	$	$ 9,714,190	$
Bonds	$ 55,445,729	$ 55,445,729	$	$ 55,445,729	$	$	$
Common Stock	$ 6,204,484	$ 6,204,484	$ 5,084,066	$ 1,120,418	$	$	$
Supplemental Savings Plan	$ 440,948	$ 440,948	$ 440,948	$	$	$	$

D. Not Practicable to Estimate Fair Value

The Company does not have any of these securities at this time.

E. NAV Practical Expedient Investments

1. Martingale Investment Trust – Series 1 Low Volatility Large Cap+

This strategy seeks to meet or exceed equity market returns while realizing significantly less volatility. This investment focuses on identifying and investing in low risk companies with sound fundamental properties. The portfolio is considered to be a low risk portfolio with broad, stable sector diversification. The fund contains 231 individual holdings at 12/31/2018 with the top 10% of all holdings representing 12.0% of all fund holdings. Overall, the risk target of this portfolio is to perform with 70%-80% of the overall market volatility of the Russell 1000 Index.

The fund if able to be liquidated on a monthly basis. Because the underlying portfolio contains assets that are part of the Russell 1000 Index, it is very probable that the fund would not liquidate at the NAV of a prior month. It is possible the fund could be liquidated at a higher or lower price depending on overall market actions.

Barings U.S. Loan Fund Series – Tranche A

This Barings investment process is a focused and detailed fundamental bottom-up due diligence. The firm's investment philosophy is based on the belief that long-term, risk-adjusted returns can best be achieved through active portfolio management coupled with strong fundamental credit underwriting with the goal of minimizing principal losses. The firm takes a c credit-intensive approach when selecting assets that seeks to determine where favorable value exists within companies on a relative basis to other investment alternatives.

The average number of loans in the portfolio is 214 at the end of 2018, with 13.6% in the top ten holdings. The portfolio is well diversified, as only two sectors contain more than 10% of all holdings. Average annualized default since inception is 0.50%, while the historical average is 2.96%.

The fund has daily liquidity but a 30 calendar day prior to withdraw notice is necessary. As of 12/31/18, there are $1.3 Billion assets in the Commingled Fund.

2. Not Applicable (The investments can be redeemed on a monthly basis.)

3. Not Applicable (There is no required capital commitment for the investments in Martingale or Barings)

4. Redemption of shares of either holding are processed on a monthly basis at prevailing market NAV.

5. Not Applicable

6. Not Applicable (There are no restrictions to viewing the investments of the Martingale Investment Trust – Series 1 Low Volatility Large Cap+ or the Barings U.S. Loan Fund Series – Tranche A. The holdings are provided to the Investor in each of the fund's annual reports, and can be requested at any month end closing.)

7. Not Applicable (The investor has not made a decision to redeem shares of the Martingale Investment Trust – Series 1 Low Volatility Large Cap+ or the Barings U.S. Loan Fund Series – Tranche A at this time.)

Note 21 – Other Items

A. Unusual or Infrequent Items

The Company had no unusual or infrequent items as of December 31, 2018

B. Troubled Debt Restructuring Debtors

The Company had no troubled debt restructuring as of December 31, 2018.

C. Other Disclosures

The Company has no other disclosures as of December 31, 2018.

D. Business Interruption Insurance Recoveries

The Company has no business interruption insurance recoveries.

E. State Transferable and Non-Transferable Tax Credits

The Company has no state transferable tax credits

F. Subprime Mortgage Related Risk Exposure

1) The Company does not engage in sub-prime residential mortgage lending. The Company hold direct investments in collateralized debt obligations that are backed by sub-prime mortgages. The Company's exposure to sub-prime mortgages is limited by its investment guidelines.
The book adjusted carrying value of investments with direct sub-prime mortgage risk exposure is $62,052. This investment represents .12% of the Company's long-term bond holdings of $52,973,801.

2) The Company has direct exposure through investments in described in the response to question #1.
3) The Company has no material direct exposure through other investments.
4) The Company has no underwriting exposure to sub-prime mortgage risk through Mortgage Guaranty or Financial Guaranty Insurance Coverage.

G. Retained Assets

The Company has no retained assets.

H. Insurance-Linked Securities (ILS) Contracts

The Company has no insurance-linked securities (ILS) contracts.

Note 22 – Events Subsequent

On Jan. 1, 2019, the Company will not be subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA). Enacted on January 22, 2018, along with continuing resolution legislation, H.R. 195, Division D – Suspension of Certain Health-Related Taxes, § 4003, suspends collection of the fee for the 2019 calendar year only. Thus, health insurance issuers are not required to pay these fees for 2019.

NOTES TO FINANCIAL STATEMENTS

A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)? Yes [X] No [ ]

		2018	2017
B.	ACA fee assessment payable for the upcoming year	$	$ 3,100,000
C	ACA fee assessment paid	$ 3,680,568	$
D.	Premium written subject to ACA 9010 assessment	$	$ 206,662,410
E.	Total adjusted capital before surplus adjustment (Five-Year Historical Line 14)	$ 68,141,934	
F.	Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	$ 68,141,934	
G.	Authorized control level (Five-Year Historical Line 15)	$ 8,495,660	

H. Would reporting the ACA assessment as of December 31, 2018 have triggered an RBC action level (YES/NO)? Yes [ ] No [X]

Note 23 – Reinsurance

A. Ceded Reinsurance Report

Section1 – General Interrogatories

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

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

Section 2 – Ceded Reinsurance Report – Part A

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

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

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

(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]
If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments?

B. Uncollectible Reinsurance

The Company did not have any uncollectible reinsurance written off during the year.

C. Commutation of Ceded Reinsurance

There was no commutation of reinsurance during the year.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

There was no certified reinsurer rating downgraded or status subject to revocation during the year.

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used to Estimate Accrued Retrospective Premium Adjustments

The company estimates accrued retrospective premium adjustments for its group health insurance business though a mathematical approach using an algorithm of the company's underwriting rules and experience rating practices.

The company also has health insurance business that is subject to a medical loss ratio pursuant to the Public Health Service Act.

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

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

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

The amount of net premiums written by the company at December 31, 2018 that are subject to retrospective rating features was $226,790,781 that represented 100% of the total net premium written. No other net premiums written by the company are subject to retrospective rating features.

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

	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	$	$	$	$ 185,600	$ 185,600
(2) Medical loss ratio rebates paid	$	$	$	$	$
(3) Medical loss ratio rebates unpaid	$	$	$	$ 185,600	$ 185,600
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	$
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	$ 113,187
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	$ 72,413
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	$	$	$	$ 73,946	$ 73,946
(8) Medical loss ratio rebates paid	$	$	$	$	$
(9) Medical loss ratio rebates unpaid	$	$	$	$ 259,546	$ 259,546
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	$
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	$ 143,701
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	$ 115,845

E. Risk Sharing Provisions of the Affordable Care Act

(1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions Yes [X] No [ ]

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

a. Permanent ACA Risk Adjustment Program	AMOUNT
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment (including high risk pool payments)	$ 68,340
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	$
3. Premium adjustments payable due to ACA Risk Adjustment (including high risk pool premium)	$ 78,310
Operations (Revenue & Expenses)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	$ 56,710
5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	$ 5,389

b. Transitional ACA Reinsurance Program	AMOUNT
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	$
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	$
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	$
Liabilities	
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	$
5. Ceded reinsurance premiums payable due to ACA Reinsurance	$
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	$
Operations (Revenue & Expenses)	
7. Ceded reinsurance premiums due to ACA Reinsurance	$
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	$
9. ACA Reinsurance contributions – not reported as ceded premium	$

c. Temporary ACA Risk Corridors Program	AMOUNT
Assets	
1. Accrued retrospective premium due to ACA Risk Corridors	$
Liabilities	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	$
Operations (Revenue & Expenses)	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	$
4. Effect of ACA Risk Corridors on change in reserves for rate credits	$

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

	Accrued During the Prior Year on Business Written Before the Prior Dec. 31 of Year		Received or Paid as of the Current Year on Business Written Before the Prior Dec. 31 of Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
	1	2	3	4	5	6	7	8		0	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable (including high risk pool payments)	$	$	$	$	$	$	$	$	A	$	$
2. Premium adjustments (payable) (including high risk pool premium)		103,208		190,148		(86,940)		86,940	B		
3. Subtotal ACA Permanent Risk Adjustment Program	$	$ 103,208	$	$ 190,148	$	$ (86,940)	$	$ 86,940		$	$
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	$	$	$	$	$	$	$	$	C	$	$
2. Amounts recoverable for claims unpaid (contra liability)									D		
3. Amounts receivable relating to uninsured plans									E		
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premiums									F		
5. Ceded reinsurance premiums payable									G		
6. Liability for amounts held under uninsured plans									H		
7. Subtotal ACA Transitional Reinsurance Program	$	$	$	$	$	$	$	$		$	$
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	$	$	$	$	$	$	$	$	I	$	$
2. Reserve for rate credits or policy experience rating refunds									J		
3. Subtotal ACA Risk Corridors Program	$	$	$	$	$	$	$	$		$	$
d. Total for ACA Risk Sharing Provisions	$	$ 103,208	$	$ 190,148	$	$ (86,940)	$	$ 86,940		$	$

Explanations of Adjustments

A. Adjustment for final 2017 Risk Adjustment payable

B.

C.

D.

E.

F.

G.

H.

I.

J.

NOTES TO FINANCIAL STATEMENTS

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

	Accrued the Prior Year Written Dec. 31 of the	During on Business Before Prior Year	Received or Paid as of the Current Year on Business Written Before Dec. 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. 2014											
1. Accrued retrospective premium	$	$	$	$	$	$	$	$	A	$	$
2. Reserve for rate credits for policy experience rating refunds	$	$	$	$	$	$	$	$	B	$	$
b. 2015											
1. Accrued retrospective premium	$	$	$	$	$	$	$	$	C	$	$
2. Reserve for rate credits for policy experience rating refunds	$	$	$	$	$	$	$	$	D	$	$
c. 2018											
1. Accrued retrospective premium	$	$	$	$	$	$	$	$	E	$	$
2. Reserve for rate credits or policy experience rating refunds	$	$	$	$	$	$	$	$	F	$	$
d. Total for Risk Corridors	$	$	$	$	$	$	$	$		$	$

A.
B.
C.
D.
E.
F.

(5) ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program Year	1 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts Received from CMS	4 Asset Balance (Gross of Non-Admissions) (1-2-3)	5 Non-Admitted Amount	5 Net Admitted Asset (4–5)
a. 2014	$	$	$	$	$	$
b. 2015						
c. 2016						
d. Total (a+b+c)	$	$	$	$	$	$

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

12/31/17 Reserves	21,050,120
2017 Claims paid in 2018	(20,343,748)
Claims due and unpaid at year-end 2017 – paid in 2018	(4,136,523)
Net	**(3,430,151)**
2017 Reserves Remaining	87,780
Unfavorable Development	**(3,342,371)**

Note 26 – Intercompany Pooling Arrangements

A. Identification of the Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

N/A

B. Description of Lines and Types of Business Subject to the Pooling Agreement

N/A

C. Description of Cessions to Non-Affiliated Reinsurance Subject to Pooling Agreement

N/A

D. Identification of all Pool Members that are Parties to Reinsurance Agreements with Non-Affiliated Reinsurers

N/A

E. Explanation of Discrepancies Between Entries of Pooled Business

N/A

F. Description of Intercompany Sharing

N/A

G. Amounts Due To/From Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

N/A

Note 27 – Structured Settlements

Not Applicable

Note 28 – Health Care Receivables

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days After Billing
12/31/2018	$ 3,835,055	$	$	$	$
09/30/2018	$ 3,651,825	$ 3,800,857	$ 3,240,293	$	$
06/30/2018	$ 3,707,792	$ 3,633,329	$ 3,164,477	$ 644,395	$
03/31/2018	$ 3,263,201	$ 3,789,944	$ 3,188,570	$ 687,553	$ 120
12/31/2017	$ 2,545,112	$ 2,686,825	$ 2,228,544	$ 721,867	$ 200,053
09/30/2017	$ 2,528,764	$ 2,558,192	$ 2,166,269	$ 344,023	$ 498,264
06/30/2017	$ 2,375,629	$ 2,528,764	$ 1,796,563	$ 11,552	$ 834,532
03/31/2017	$ 2,693,916	$ 2,375,629	$ 1,806,618	$	$ 639,098
12/31/2016	$ 2,600,930	$ 2,693,916	$ 2,107,759	$	$ 557,787
09/30/2016	$ 2,457,857	$ 2,600,930	$ 1,889,549	$	$ 581,152
06/30/2016	$ 2,416,734	$ 2,457,857	$ 1,912,799	$ 160,343	$ 536,443
03/31/2016	$ 2,158,620	$ 2,416,734	$ 1,928,134	$ 188,020	$ 333,278

B. Risk Sharing Receivables

The Company has no risk sharing receivables.

Note 29 – Participating Policies

The Company has no participating contracts.

Note 30 – Premium Deficiency Reserves

The Company has no premium deficiency reserves as of December 31, 2018.

Note 31 – Anticipated Salvage and Subrogation

The Company has no estimates of anticipated salvage and subrogation as of December 31, 2018.

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? If yes, complete Schedule Y, Parts 1, 1A and 2. Yes [X] No [ ]

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? Arkansas

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

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

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [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. 12/31/2017

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). 07/20/2016

3.4 By what department or departments?
Arkansas Insurance Department

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]

If the answer is YES, complete and file the merger history data file with the NAIC.

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

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

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control %

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

1 Nationality	2 Type of Entity

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
BKD, LLP Little Rock, Arkansas

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

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

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

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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?
Victor Davis, Employee of Arkansas Blue Cross and Blue Shield

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

12.11 Name of real estate holding company

12.12 Number of parcels involved 0

12.13 Total book/adjusted carrying value $ 0

12.2 If yes, provide explanation

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

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

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

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

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

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

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

(e) Accountability for adherence to the code.

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

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

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

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

20.11 To directors or other officers $ 0

20.12 To stockholders not officers $ 0

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

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

20.21 To directors or other officers $ 0

20.22 To stockholders not officers 0

20.23 Trustees, supreme or grand (Fraternal only) 0

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

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

21.21 Rented from others $ 0

21.22 Borrowed from others $ 0

21.23 Leased from others $ 0

21.24 Other $ 0

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

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment $ (86,940)

22.22 Amount paid as expenses $ 0

22.23 Other amounts paid $ 0

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

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

24.02 If no, give full and complete information, relating thereto:

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

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. $ 0

24.06 If answer to 24.04 is no, report amount of collateral for other programs $ 0

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

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

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

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

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

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Placed under option agreements	$ 0
25.26	Letter stock or securities restricted as sale – excluding FHLB Capital Stock	$ 0
25.27	FHLB Capital Stock	$ 0
25.28	On deposit with states	$ 300,000
25.29	On deposit with other regulatory bodies	$.
25.30	Pledged as collateral – excluding collateral pledged to an FHLB	$ 0
25.31	Pledged as collateral to FHLB – including assets backing funding agreements	$ 0
25.32	Other	$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		$

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
US Bank Institutional Trust and Custody	St. Louis, MO

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

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

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

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

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

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

1 Name of Firm or Individual	2 Affiliation
Foundation Resource Management	U
Gray D. Dillard	I

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

Martingale Asset Management, LP	U
Barings, LLC	U
Pacific Investment Management Company, LLC	U

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

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

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

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
116359	Foundation Resource Management	N/A	SEC	No
108526	Martingale Asset Management, LP	549300GXM5ZGZJXZ1Y74	SEC	NO
106006	Barings, LLC	ANDKRHQKPRRG4Q2KLR05	SEC, CFTC, NFA	NO
104559	Pacific Investment Management Company LLC	549300KGPYQZXGMYYN38	SEC	NO

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] 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		$

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	$ 56,044,576	$ 52,957,442	$ (3,087,134)
30.2	Preferred Stocks	$ 0	$ 0	$ 0
30.3	Totals	$ 56,044,576	$ 52,957,442	$ (3,087,134)

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

Fair value pricing obtained, where applicable, from NAIC 4th Quarter 2206 Valuation of Securities database, or from market prices provided by US Bank Institutional Trust & Custody, custodian for investment assets, for issues which were not priced by NAIC at year-end

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

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

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

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

32.2 If no, list exceptions:

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

a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.

b. Issuer or obligor is current on all contracted interest and principal payments.

c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities? Yes [ ] No [X]

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

a. The security was purchased prior to January 1, 2018.

b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.

c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.

d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [ ] No [X]

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 401,035

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

BlueCross BlueShield Association	$ 382,453

36.1 Amount of payments for legal expenses, if any? $ 418,337

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

1 Name	2 Amount Paid
Foley & Lardner LLP	$ 225,568

37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 121,890

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

1 Name	2 Amount Paid
BlueCross BlueShield Association	$ 35,122

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.	$	0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	$	0
1.31	Reason for excluding:		
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	$	0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	$	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	$ 226,790,781	$ 206,662,410
2.2	Premium Denominator	$ 226,790,781	$ 206,662,410
2.3	Premium Ratio (2.1/2.2)	100.0%	100.0%
2.4	Reserve Numerator	$ 27,482,338	$ 24,827,638
2.5	Reserve Denominator	$ 27,927,213	$ 25,013,238
2.6	Reserve Ratio (2.4/2.5)	98.4%	99.3%

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 [X]
5.1	Does the reporting entity have stop-loss reinsurance?	Yes [X]	No [ ]
5.2	If no, explain:		
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 and 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:

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

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

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1	Number of providers at start of reporting year	16,862
8.2	Number of providers at end of reporting year	17,795

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

9.2 If yes, direct premium earned:

9.21	Business with rate guarantees with rate guarantees between 15-36 months	$ 0
9.22	Business with rate guarantees over 36 months	$ 0

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

10.2 If yes:

10.21	Maximum amount payable bonuses	3,797,637
10.22	Amount actually paid for year bonuses	3,732,135
10.23	Maximum amount payable withholds	119,211
10.24	Amount actually paid for year withholds	1,927,596

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 [X] No [ ]

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

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

11.4 If yes, show the amount required. $ 100,000

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
Arkansas

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

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. $ 0

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

13.4 If yes, please provide the balance of the funds administered as of the reporting date. $ 0

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

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

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
	0		$	$	$	$

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

15.1	Direct Premium Written	$ 0
15.2	Total Incurred Claims	$ 0
15.3	Number of Covered Lives	0

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

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

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

FIVE-YEAR HISTORICAL DATA

	1 2018	2 2017	3 2016	4 2015	5 2014
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	128,331,714	129,619,539	114,101,429	113,699,695	186,731,781
2. Total liabilities (Page 3, Line 24)	60,189,782	62,084,101	55,764,969	56,968,073	67,310,751
3. Statutory minimum capital and surplus requirement	100,000	100,000	100,000	100,000	100,000
4. Total capital and surplus (Page 3, Line 33)	68,141,934	67,535,438	58,336,460	56,731,623	119,421,030
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	226,790,781	206,662,410	191,140,735	177,319,491	171,533,576
6. Total medical and hospital expenses (Line 18)	190,934,413	172,373,830	160,647,985	146,769,799	142,695,358
7. Claims adjustment expenses (Line 20)	9,181,040	7,501,887	7,985,047	4,942,930	3,895,178
8. Total administrative expenses (Line 21)	27,310,681	19,814,964	21,563,702	22,528,719	21,224,733
9. Net underwriting gain (loss) (Line 24)	(635,353)	6,971,730	944,001	3,078,043	3,718,307
10. Net investment gain (loss) (Line 27)	7,959,064	1,989,987	1,699,702	2,694,903	1,941,084
11. Total other income (Lines 28 plus 29)	221,690	324,342	257,206	443,669	358,252
12. Net income or (loss) (Line 32)	6,409,698	6,727,254	656,674	4,755,372	3,083,029
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	3,823,259	5,765,528	(3,091,553)	(2,170,291)	16,403,731
Risk-Based Capital Analysis					
14. Total adjusted capital	68,141,934	67,535,438	58,336,460	56,731,623	119,421,030
15. Authorized control level risk-based capital	8,495,660	7,487,825	7,062,655	6,373,918	6,720,142
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	68,998	71,494	71,558	68,916	70,379
17. Total member months (Column 6, Line 7)	847,702	856,849	863,574	832,426	846,998
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	84.2	83.4	84.0	82.8	83.2
20. Cost containment expenses	3.7	2.9	2.8	1.7	1.4
21. Other claims adjustment expenses	0.3	0.8	1.3	1.1	0.9
22. Total underwriting deductions (Line 23)	100.3	96.6	99.5	98.3	97.8
23. Total underwriting gain (loss) (Line 24)	(0.3)	3.4	0.5	1.7	2.2
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	22,911,004	21,527,564	20,914,897	15,854,765	12,168,337
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	24,827,638	17,961,171	21,599,029	18,183,349	15,317,208
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 Sch. DA, Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	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

State, Etc.	1 Active Status (a)	Direct Business Only 2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums and Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	L	282,826,476	43,055,274					325,881,751	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. District of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	N							0	
17. Kansas KS	N							0	
18. Kentucky KY	N							0	
19. Louisiana LA	N							0	
20. Maine ME	N							0	
21. Maryland MD	N							0	
22. Massachusetts MA	N							0	
23. Michigan MI	N							0	
24. Minnesota MN	N							0	
25. Mississippi MS	N							0	
26. Missouri MO	N							0	
27. Montana MT	N							0	
28. Nebraska NE	N							0	
29. Nevada NV	N							0	
30. New Hampshire NH	N							0	
31. New Jersey NJ	N							0	
32. New Mexico NM	N							0	
33. New York NY	N							0	
34. North Carolina NC	N							0	
35. North Dakota ND	N							0	
36. Ohio OH	N							0	
37. Oklahoma OK	N							0	
38. Oregon OR	N							0	
39. Pennsylvania PA	N							0	
40. Rhode Island RI	N							0	
41. South Carolina SC	N							0	
42. South Dakota SD	N							0	
43. Tennessee TN	N							0	
44. Texas TX	N							0	
45. Utah UT	N							0	
46. Vermont VT	N							0	
47. Virginia VA	N							0	
48. Washington WA	N							0	
49. West Virginia WV	N							0	
50. Wisconsin WI	N							0	
51. Wyoming WY	N							0	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	N							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CAN	N							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	282,826,476	43,055,274	0	0	0	0	325,881,751	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	2,417,829						2,417,829	
61. Total (Direct Business)	XXX	285,244,305	43,055,274	0	0	0	0	328,299,579	0
DETAILS OF WRITE-INS									
58001.								0	
58002.								0	
58003.								0	
58998. Summary of remaining write-ins for line 58		0	0	0	0	0	0	0	0
58999. Total (Lines 58001 through 58003 + 58998)		0	0	0	0	0	0	0	0

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

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG 1

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

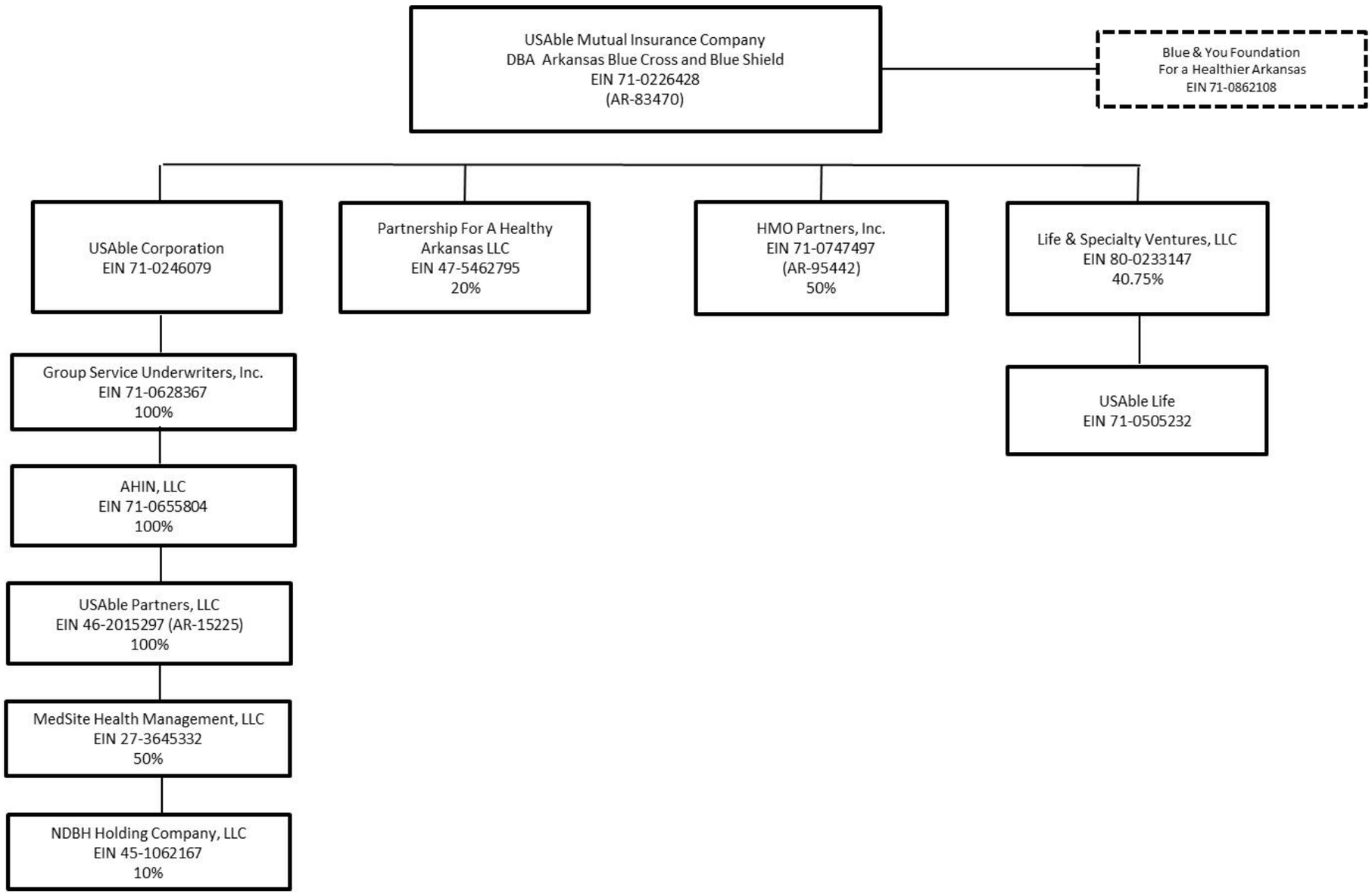
R - Registered - Non-domiciled RRGs 0

Q - Qualified - Qualified or accredited reinsurer 0

N - None of the above - Not allowed to write business in the state 56

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

PART 1 – ORGANIZATIONAL CHART



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