UNDERWRITING AND INVESTMENT EXHIBIT

PARTS 1, 2, 2A, 2B, AND 2C

Refer to SSAP No. 54, Individual and Group Accident and Health Contracts and SSAP No. 66, Retrospectively Rated Contracts, for accounting guidance.

Exclude: From the appropriate lines and columns, those amounts attributable to the Federal Employees Health Benefit Plan (FEHBP) that are exempted from state taxes or other fees by Section 8909(f)(1) of Title 5 of the United States Code.

Amounts attributable to uninsured plans and the uninsured portion of partially insured plans.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

Column 9 – Other Health

Include: Claims incurred for other health lines of business not included in any other column, including stop loss, disability income and long-term care.

Column 10 – Other Non-health

Include: Claims incurred for life and property/casualty lines of business.

Line 1 – Payments During the Year

Report payments net of pharmaceutical rebates collected and risk share amount collected. Refer to SSAP No. 84, Certain Health Care Receivables and Receivables Under Government Insured Plans, for accounting guidance.

Line 1.3 should include only those reinsurance recoveries received during the year.

Exclude: Medical incentive pools and bonuses.

Line 2 – Paid Medical Incentive Pools and Bonuses


Line 3 – Claim Liability December 31, Current Year

Line 3.3 should include the reinsurance ceded amounts booked but not yet billed.

Line 3.4, Column 1 should agree with Page 3, Column 3, Line 1. Should also agree to Underwriting and Investment Exhibit, Part 2A, Column 1, Line 4.4.

Line 4 – Claim Reserve December 31, Current Year

Line 4.4 should agree with Page 3, Column 3, Line 7. Should also agree with Underwriting and Investment Exhibit, Part 2D, Column 1, Line 14.

Line 5 – Accrued Medical Incentive Pools and Bonuses, Current Year
Column 1 should agree with Page 3, Line 2.

Line 6 – Net Health Care Receivables

Report the change between prior year health care receivables and current year health care receivables. The amounts on this line are the gross health care receivable assets, not just the admitted portion. This amount should not include those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider.

Lines 7 and 11 – Amounts Recoverable from Reinsurers

These amounts should include reinsurance recoveries billed on paid losses but not received.
Line 12  – Incurred Benefits

Line 12.1 = Line 1.1 + Line 3.1 + Line 4.1 – Line 6 – Line 8.1 – Line 9.1
Line 12.2 = Line 1.2 + Line 3.2 + Line 4.2 – Line 8.2 – Line 9.2
Line 12.3 = Line 1.3 + Line 3.3 + Line 4.3 + Line 7 – Line 8.3 – Line 9.3 – Line 11
Line 12.4 = Line 1.4 + Line 3.4 + Line 4.4 – Line 6 – Line 7 – Line 8.4 – Line 9.4 + Line 11

Line 12.1 – Incurred Benefits: Direct

Column 1 minus Column 10, Line 12.1 should agree with the sum of Lines 9 through 14 on the Statement of Revenue and Expenses.

Line 13  – Incurred Medical Incentive Pools and Bonuses

This should agree with Line 2 + Line 5 – Line 10.
UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A – CLAIMS LIABILITY END OF CURRENT YEAR

Refer to SSAP No. 55, Unpaid Claims, Losses and Loss Adjustment Expenses, for accounting guidance. Include recoverables for anticipated coordination of benefits and subrogation as a reduction to unpaid claims.

Column 9 — Other Health
Include: Claims liability for other health lines of business not included in any other column, including stop loss, disability income and long-term care.

Column 10 — Other Non-health
Include: Claims liability for life and property/casualty lines of business.

Line 1 — Reported in Process of Adjustment
Include: Liability for all claims that have been reported to the company on or before December 31 of the current year. Provision for claims of the current year or prior years, if any, reported after that date would be made in Line 2 as Incurred but Unreported. Portions of reported claims for which payments are due after December 31 of the current year are reported in Underwriting and Investment Exhibit – Part 2D, Line 9.

Line 2 — Incurred but Unreported
Except where inapplicable, the reserve included in these lines should be based on past experience, modified to reflect current conditions, such as changes in exposure, claim frequency or severity.

Line 3 — Amounts Withheld from Paid Claims and Capitations
Report the amounts withheld from paid claims and capitations that have not been distributed and the anticipated withholds from estimated incurred but not reported losses.

Line 4.4 — Net Total Claim Liability
This amount should agree to Page 3, Line 1, Column 3.
Claims are to include amounts paid or accrued for capitation, and any other means of payment, for medical or other health care services including, under other medical costs, amounts for occupancy, depreciation and amortization as it relates to medical and hospital expenses.

Incentive pool, withhold, and bonus amounts are defined as: amounts to be paid to providers by the Health entity as an incentive to achieve goals such as effective management of care. Some arrangements involve paying an agreed-on amount for each claim, and then paying a bonus at the end of the contract period. Other arrangements involve a set amount to be withheld from each claim, and then paying a portion (which could be none or all) of the withheld amount at the end of the contract period.

For arrangements involving amounts withheld, the claim payments should be recorded net of the withhold, and the unpaid withholds should be held as an additional liability until paid or formally retained. The amount due should be supported by signed agreements and the basis for establishing the liability should be documented when determining the amount of this liability.

**Columns 1 and 2:**

Enter in Columns 1 and 2, Lines 1 through 8, all payments made during the year. Record actual payments only, net of applicable Coordination of Benefits, deductibles, copayments, pharmaceutical rebates collected, risk share amounts collected, reinsurance, subrogation, and provider discounts. Refer to SSAP No. 84, Certain Health Care Receivables and Receivables Under Government Insured Plans, for accounting guidance.

Include in Columns 1 and 2, Line 10, the portion of current health care receivables balance relating to claims paid in the current year on insured plans. This would not include those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider as the claims have not been paid as of the statement date. Refer to SSAP No. 84, Certain Health Care Receivables and Receivables Under Government Insured Plans, for accounting guidance.

Include on Line 12 actual payments from provider incentive pools and bonus arrangements or supplemental facility settlements (distributions of utilization savings).

All claim payments made relating to service dates prior to the current reporting year should be reported in Column 1. Report in Column 2 all claim payments for service dates in the current reporting year.

**Columns 3 and 4:**

Enter in Columns 3 and 4 all claims related liabilities and reserves held at the end of the current year. This includes liability for both reported and unreported claims, and should be net of anticipated reductions for coordination of benefits, deductibles, copayments, provider discounts or reinsurance recoveries on unpaid claims.

Include in Columns 3 and 4, Line 10 the portion of current health care receivables of insured plans relating to claims in the process of adjustment, excluding those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider. Refer to SSAP No. 84, Certain Health Care Receivables and Receivable Under Government Insured Plans, for accounting guidance.

Report on Line 1 through 8 the claims unpaid gross of the actual withholds on paid claims and net of settlement adjustments to prior withholds. Estimated incurred but unreported losses reported on Lines 1 through 8 should be calculated in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts, and may include estimations as to return of withhold on claims incurred, but not yet paid. Liability for provider incentive pools and supplemental facility settlements should also be included on Line 12. Line 9 plus Line 11 of Columns 3 and 4 should agree to Underwriting and Investment Exhibit – Part 2A, Column 1, Line 4.4 plus Underwriting and Investment Exhibit – Part 2B, Column 2, Line 4.4.

Line 13, Columns 1 through 4, less Column 6 should agree to Page 4, Line 18 plus Line 19, Column 2. The sum of Columns 3 and 4, Line 13 plus 10 should agree to the sum of Lines 1, 2 and 7, Page 3, Column 3.
Line 8 – Other Health

Report the unpaid claims for other health business not included in any other line. This category includes all unspecified business written under the Company’s health line of business authority including stop loss as well as business that does not qualify for the Health Statement Test (e.g., disability income and long term care).

Line 10 – Health Care Receivables

This line is based on the gross health care receivables, not just the admitted portion.

Columns 1 and 2 report the amounts of health care receivables associated with claims paid during the year, excluding those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider.

Columns 3 and 4 report the health care receivable amount attributable to those claims remaining unpaid as of the reporting date. This will include those amounts of pharmaceutical rebates that are estimated in accordance with SSAP No. 84, Certain Health Care Receivables and Receivables Under Government Insured Plans, guidelines.

The sum of Columns 1 through 4 on the U&I Exhibit -- Part 2B Line 10 should equal the health care receivables on Exhibit 3, Columns 6 andplus Column 7, excluding those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider. If health care receivables reported on U&I Exhibit -- Part 2B are affected by reinsurance, then the sum of Columns 1 through 4 may be different from the amounts of health care receivables reported on Exhibit 3, which are gross of reinsurance.

Column 6 reports the amounts of prior year health care receivables, excluding those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider.

Footnote (a) Line 10 reports those health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider.

Line 11 – Other Non-health

Report the unpaid claims for life and property/casualty business.

Line 12 – Medical Incentive Pools and Bonus Amounts

Include disbursements for incentive pool and bonus amounts in Column 1 and 2. Include liability for incentive pool and bonus amounts in Column 3 and 4.
The purpose of this exhibit is to test the adequacy of reserves held on accident and health insurance. The exhibit allows for the development of a five-year trend of losses incurred by a specific year. Payments for medical incentive pool, withhold and bonus arrangements shall be included in claim payments as well as in all calculations in Sections A, B and C.

Complete Part 2C – Sections A, B and C for each Accident and Health line of business (Comprehensive (Hospital & Medical), Medicare Supplement, Dental Only, Vision Only, Federal Employees Health Benefits Plan, Title XVIII Medicare, Title XIX Medicaid, and Other Health), as applicable, as well as a grand total page. Stop Loss, Disability Income and Long-Term Care should be included with Other Health for this exhibit. Report in thousands (000’s omitted).

### PART 2C – SECTION A
#### PAID HEALTH CLAIMS

Show cumulative paid claims by year paid and year incurred. Claims incurred prior to the year shown on Line 2 should be included in the appropriate column on Line 1.

**NOTE:** The “XXX” fields are intentional and are not in error, even though it appears that numbers should be shown.

As an example, Column 2, Line 2 should be the claims incurred in 2010 and paid in 2010 and 2011.

On Line 1, do not include claims paid prior to the year shown on Line 2. Line 1, Column 1 should include any claims incurred prior to the year shown on Line 2 that were paid in the year shown in Column 1. For example, for the current reporting year, Line 1, Column 1 should include 2008 incurred claims paid in 2010, and 2009 incurred claims paid in 2010.

Line 1, Column 2 should include any claims incurred prior to the year shown on Line 2 that were paid in the year shown in Columns 1 and 2. For example, for the current reporting year, Line 1, Column 2 should include 2009 and prior incurred claims paid in 2011, plus the amounts reported in Line 1, Column 1 (cumulative).

### PART 2C – SECTION B
#### INCURRED HEALTH CLAIMS

Columns 1 through 5 – Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year.

For each year shown, enter the cumulative total of claims paid, the end-of-year claim liability, and the end-of-year claims reserve, and accrued medical incentive pool and bonus amounts outstanding.

For example, Column 2, Line 2 will be for claims incurred in 2010, paid in 2010 and 2011, and any remaining liability or aggregate claim reserve remaining on those 2010 claims as of year-end 2011.

Line 1, Column 1 should include any paid claims reported in Section A, Line 1, Column 1 plus any remaining liability or aggregate claim reserve for amounts incurred prior to the year shown on Line 2. Line 1, Column 2 should include paid claim amounts recorded in Section A, Line 1, Column 2, plus any remaining liability or aggregate claim reserve for amounts incurred prior to the year shown in Line 2.
PART 2C – SECTION C
INCURRED YEAR HEALTH CLAIMS AND
CLAIMS ADJUSTMENT EXPENSE RATIO

This section is designed to show the effects of claim adjustment expenses in relationship to claims and premiums earned. This section will provide a guide for reporting entities in collecting and using the claims adjustment expense data and provide incurred year combined ratio results.

Earned premium reported in Column 1 is on a calendar year basis. Premiums earned, once entered in Column 1 of each part will become “frozen.” No retrospective adjustments are to be made for experience-rated contracts.

Claims incurred should be assigned to the year in which the event occurred that triggered coverage under the contract.

Column 7 is to equal the aggregate claims unpaid, claims reserve and medical incentive pool and bonus amounts unpaid pertaining to the five incurral years presented in Lines 1 through 5. The sum of claims unpaid, Column 7 is expected to represent the ultimate amounts to be paid, including anticipated inflation, and in total is to agree with claims unpaid on Page 3, Line 1 + 2 + 7, Column 3 divided by 1000 (excluding Life and Property/Casualty business).

The sum of unpaid claims adjustment expense, Column 8 in total to agree with unpaid claims adjustment expenses on Page 3, Line 3, Column 3 divided by 1000 (excluding Life and Property/Casualty business).

Claim and claim adjustment expense payments are to be maintained on a cumulative basis.

Include in Columns 3 and 8 claims adjustment expenses meeting the definition set forth in the instructions for Page 3, Line 3 and Page 4, Line 20 of the Annual Statement. The claim adjustment expense payments paid during the most recent calendar year should be distributed to the various years in which claims were incurred as follows:

1. 50% of the most recent year,
2. 10% to the next most recent year, and
3. the balance to all years, including the most recent, in proportion to the amount of loss payment paid for each year during the most recent calendar year.

To assist preparers in the completion of Part 2C, the following completion chart describes what is to be included in Columns 2, 3, 7 and 8:

<table>
<thead>
<tr>
<th>Years in which Premium were Earned and Claims were Incurred</th>
<th>Claim Payments</th>
<th>Adjustment Expense Payments</th>
<th>Claims Unpaid</th>
<th>Unpaid Claim Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 2010</td>
<td>Cum Paid thru 2014 on 2010 incurred</td>
<td>Cum Paid thru 2014 on 2010 incurred</td>
<td>Rsvs on 2010 incurred @ YE 2014</td>
<td>Rsvs on 2010 incurred @ YE 2014</td>
</tr>
<tr>
<td>2. 2011</td>
<td>Cum Paid thru 2014 on 2011 incurred</td>
<td>Cum Paid thru 2014 on 2011 incurred</td>
<td>Rsvs on 2011 incurred @ YE 2014</td>
<td>Rsvs on 2011 incurred @ YE 2014</td>
</tr>
<tr>
<td>3. 2012</td>
<td>Cum Paid thru 2014 on 2012 incurred</td>
<td>Cum Paid thru 2014 on 2012 incurred</td>
<td>Rsvs on 2012 incurred @ YE 2014</td>
<td>Rsvs on 2012 incurred @ YE 2014</td>
</tr>
<tr>
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</tr>
<tr>
<td>4.</td>
<td>2013</td>
<td>Cum Paid thru 2014 on 2013 incurred</td>
<td>Cum Paid thru 2014 on 2013 incurred</td>
<td>RsVs on 2013 incurred @ YE 2014</td>
</tr>
<tr>
<td>5.</td>
<td>2014</td>
<td>Cum Paid thru 2014 on 2014 incurred</td>
<td>Cum Paid thru 2014 on 2014 incurred</td>
<td>RsVs on 2014 incurred @ YE 2014</td>
</tr>
</tbody>
</table>
UNDERWRITING AND INVESTMENT EXHIBIT

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

Exclude reserves or other amounts relating to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans from this exhibit.

Column 9 – Other
Include: Stop loss, disability income and long-term care.

Line 1 – Unearned Premium Reserves
Refer to SSAP No. 54, Individual and Group Accident and Health Contracts, for accounting guidance.

Line 2 – Additional Policy Reserves
Refer to SSAP No. 54, Individual and Group Accident and Health Contracts, for accounting guidance.
Include: Premium deficiency reserve.

Companies must carry a reserve in this line for any policy or block of policies:

(i) With which level premiums are used, or
(ii) With respect to which, due to the gross premium structure at issue, the value of future benefits exceeds the value of appropriate future valuation net premiums.

Companies must carry a reserve for any block of contracts for which future gross premiums when reduced by expenses for administration, commissions, and taxes will be insufficient to cover future claims or services.

Line 3 – Reserve for Future Contingent Benefits
Companies must carry a reserve in either this line or Line 10, for any policy that provides for the extension of benefits after termination of the policy or of any insurance hereunder. Such benefits, that actually accrue and are payable at some future date, are predicated on a condition or actual disability that exists at the termination of the insurance and that is usually not known to the insurance company. These benefits are normally provided by contract provision but may be payable because of court decisions or of departmental rulings.

An example of the type of benefit for which a reserve must be carried is the coverage for hospital confinement after the termination of an employee’s certificate but prior to the expiration of a stated period. This example is illustrative only and is not intended to limit the reserve to the benefits described. Some individual Accident and Health policies may also provide benefits similar to those under the “Extension of Benefits” section of a group policy.
Line 4 – Reserve for Rate Credits, or Experienced Rating Refunds

Report the total of experience rating refunds and refund premium reserves; including premium stabilization, rate credit and other types of experience rating refunds.

Reserves for rate credits, or experience refund reserves, including investment income, should be included in Page 3, Line 4 of the statement.

Include: Accrued return retrospective premiums required by policy terms or law.

Amount accrued for the medical loss ratio rebate as provided for in Section 2718(b)(1)(A) of the Public Health Service Act.

Refer to SSAP No. 66, Retrospectively Rated Contracts, for accounting guidance. Per SSAP No. 66, retrospective premium adjustments shall be estimated based on the experience to date.

Line 5 – Aggregate Write-ins for Other Policy Reserves

Enter the total of the write-ins listed in schedule Details of Write-ins Aggregated at Line 5 for Other Policy Reserves.

Line 9 – Present Value of Amounts Not Yet Due on Claims

Include: Reserves for incurred but unreported claims.

Line 10 – Reserve for Future Contingent Benefits

Companies must carry a reserve in either this line or Line 3 for any policy that provides for the extension of benefits after termination of the policy or of any insurance there under. Such benefits, that actually accrue and are payable at some future date, are predicated on a condition or actual disability that exists at the termination of the insurance and that is usually not known to the insurance company. These benefits are normally provided by contract provision but may be payable because of court decisions or of departmental rulings.

An example of the type of benefit for which a reserve must be carried is the coverage for hospital confinement after the termination of an employee’s certificate but prior to the expiration of a stated period. This example is illustrative only and is not intended to limit the reserve to the benefits described. Some individual Accident and Health policies may also provide benefits similar to those under the “Extension of Benefits” section of a group policy.

Line 11 – Aggregate Write-ins for Other Claim Reserves

Enter the total of the write-ins listed in schedule Details of Write-Ins Aggregated at Line 11 for Other Claim Reserves.

Details of Write-ins Aggregated on Line 5 for Other Policy Reserves

List separately all policy reserves for which there is no pre-printed line.

Details of Write-ins Aggregated on Line 11 for Other Claim Reserves

List separately all claim reserves for which there is no pre-printed line.
## EXHIBIT 3 – HEALTH CARE RECEIVABLES

Individually list the greater of any account balances greater than $10,000 or those that are 10% of gross health care receivables. Use Lines 010001 through 0699996, as needed. Report gross amounts for insured plans although these amounts may be offset against corresponding liabilities on the balance sheet. Report the aggregate of amounts not individually listed on Lines 0199998 through 0699998. The subtotal and grand total amounts should be reported on the following lines:

<table>
<thead>
<tr>
<th>Category</th>
<th>Line Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceutical Rebate Receivables</td>
<td>0199999</td>
</tr>
<tr>
<td>Claim Overpayment Receivables</td>
<td>0299999</td>
</tr>
<tr>
<td>Loans and Advances to Providers</td>
<td>0399999</td>
</tr>
<tr>
<td>Capitation Arrangement Receivables</td>
<td>0499999</td>
</tr>
<tr>
<td>Risk sharing Receivables</td>
<td>0599999</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>0699999</td>
</tr>
<tr>
<td>Gross Health Care Receivables</td>
<td>0799999</td>
</tr>
</tbody>
</table>

**Column 7 – Admitted**

Total line should equal the inset amount on Line 24 of the Asset Page.
EXHIBIT 3A – ANALYSIS OF HEALTH CARE RECEIVABLES

The purpose of this exhibit is to analyze health care receivables collected and accrued for the current year compared to the prior year.

This exhibit is based on the gross health care receivable, not just the admitted portion.

Report the total asset (health care receivable) in this exhibit, not just the admitted portion. Amounts are gross of reinsurance.

Refer to SSAP No. 84, Certain Health Care Receivables and Receivables Under Government Insured Plans, for accounting guidance.

In this exhibit, the term “accrued” is analogous to the term “incurred” on the U&I Exhibit, Part 2B. Accrued pertains to the health care receivable asset, whereas incurred pertains to the claim liability.

Columns 1 and 2:
Enter separately in Columns 1 and 2, Lines 1 through 6, all amounts collected or offset during the year accrued prior to the current year and accrued during the current year. Record only those amounts actually collected, including offsets that meet the offset conditions of SSAP No. 64, Offsetting and Netting of Assets and Liabilities.

Line 3 includes amounts charged against those gross health care receivables, such as loans or advances to non-related party hospitals, established as prepaid assets that are not expensed until the related claims have been received from the provider as the claims have not been paid as of the statement date.

All amounts collected, including offsets, related to prior year receivables accrued should be reported in Column 1. All amounts collected, including offsets, related to current year receivables accrued should be reported in Column 2.

Columns 3 and 4:
Enter separately in Columns 3 and 4 the gross health care receivables accrual amount between those accrued prior to the current year and those accrued during the year. All amounts accrued related to prior year receivables accrued should be reported in Column 3. All amounts accrued related to current year receivables accrued should be reported in Column 4.

For each of Lines 1 through 7, the sum of Columns 3 through 4 should agree to Exhibit 3 Health Care Receivables, sum of Columns 6 and 7, for each type of health care receivable and in total.

Column 5:
Enter the sum of Columns 1 and 3. This is the amount collected or offset during the current year on health care receivables that were accrued prior to the current year, plus amounts still accrued at the end of the current year, related to the health care receivable accrued at the end of the prior year.

Column 6:
Column 6 reports the amounts of prior year-end accounting accrual for gross health care receivables.

The comparison between Columns 5 and 6 is to the total receivables, not just the portion that is an admitted asset.