



ANNUAL STATEMENT

For the Year Ending DECEMBER 31, 2017

OF THE CONDITION AND AFFAIRS OF THE

Neighborhood Health Plan of Rhode Island

NAIC Group Code	0000 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	95402	Employer's ID Number	05-0477052
Organized under the Laws of	Rhode Island		State of Domicile or Port of Entry	RI		
Country of Domicile	United States of America					
Licensed as business type:	<input type="checkbox"/> Life, Accident & Health[] <input type="checkbox"/> Dental Service Corporation[] <input type="checkbox"/> Other[]		<input type="checkbox"/> Property/Casualty[] <input type="checkbox"/> Vision Service Corporation[] <input type="checkbox"/> Is HMO Federally Qualified? Yes[] No[X] N/A[]		<input type="checkbox"/> Hospital, Medical & Dental Service or Indemnity[] <input checked="" type="checkbox"/> Health Maintenance Organization[X]	
Incorporated/Organized	12/09/1993		Commenced Business	12/01/1994		
Statutory Home Office	910 Douglas Pike <small>(Street and Number)</small>			Smithfield, RI, US 02917 <small>(City or Town, State, Country and Zip Code)</small>		
Main Administrative Office	910 Douglas Pike <small>(Street and Number)</small>			Smithfield, RI, US 02917 <small>(City or Town, State, Country and Zip Code)</small>		
Mail Address	910 Douglas Pike <small>(Street and Number or P.O. Box)</small>			Smithfield, RI, US 02917 <small>(City or Town, State, Country and Zip Code)</small>		
Primary Location of Books and Records	910 Douglas Pike <small>(Street and Number)</small>			Smithfield, RI, US 02917 <small>(City or Town, State, Country and Zip Code)</small>		
Internet Website Address	http://www.nhpri.org/			(401)459-6000 <small>(Area Code) (Telephone Number)</small>		
Statutory Statement Contact	Joanne Roux <small>(Name)</small>			(401)459-6118 <small>(Area Code)(Telephone Number)(Extension)</small>		
	jroux@nhpri.org <small>(E-Mail Address)</small>			(401)459-6043 <small>(Fax Number)</small>		

OFFICERS

Name	Title
Peter Marino	Chief Executive Officer
Frank Meaney	Chief Financial Officer
Francisco Trilla MD	Chief Medical Officer

OTHERS

Peter Bancroft, Chairman	Jane Hayward, Vice Chairman
Brenda Dowlatshahi, Secretary	Merrill Thomas, Treasurer #

DIRECTORS OR TRUSTEES

Merrill Thomas Raymond Joseph Lavoie Jr. Pablo Rodriguez MD Peter Bancroft CPA Jeanne LaChance # Dennis Roy Patricia Martinez Peter Marino Keith Oliveira #	Brenda Dowlatshahi Christopher Little Esq. Jane Hayward Doris De Los Santos William Hochstrasser-Walsh Michael Lichtenstein Richard Besdine MD Gary Furtado #
---	--

State of Rhode Island
 County of Providence ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the 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.

_____ <small>(Signature)</small> Peter Marino <small>(Printed Name)</small> 1. Chief Executive Officer <small>(Title)</small>	_____ <small>(Signature)</small> Frank Meaney <small>(Printed Name)</small> 2. Chief Financial Officer <small>(Title)</small>	_____ <small>(Signature)</small> Francisco Trilla, MD <small>(Printed Name)</small> 3. Chief Medical Officer <small>(Title)</small>
---	---	---

Subscribed and sworn to before me this _____ day of _____, 2018

- a. Is this an original filing? _____
 b. If no, 1. State the amendment number _____
 2. Date filed _____
 3. Number of pages attached _____

Yes[X] No[]

(Notary Public Signature)

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)	102,349,117		102,349,117	99,564,790
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common Stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....96,160,172, Schedule E Part 1), cash equivalents (\$.....95,613,431, Schedule E Part 2) and short-term investments (\$.....51,837,639, Schedule DA)	243,611,242		243,611,242	208,139,474
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities	10,836		10,836	4,117,478
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	345,971,194		345,971,194	311,821,742
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	846,575		846,575	657,918
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	9,783,355	254,987	9,528,369	15,705,901
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$.....15,356,078) and contracts subject to redetermination (\$.....0)	15,356,078		15,356,078	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,085,347		1,085,347	1,292,994
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	1,376,897	15,269	1,361,628	1,517,702
21. Furniture and equipment, including health care delivery assets (\$.....0)	911,501	911,501		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$.....5,352,352) and other amounts receivable	10,252,112	4,899,760	5,352,352	13,199,573
25. Aggregate write-ins for other than invested assets	4,457,331	1,386,117	3,071,215	4,630,587
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	390,040,389	7,467,633	382,572,757	348,826,417
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	390,040,389	7,467,633	382,572,757	348,826,417
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Premium Tax	3,071,215		3,071,215	4,533,436
2502. Prepaid Expenses	1,186,624	1,186,624		
2503. Receivable from State				97,151
2598. Summary of remaining write-ins for Line 25 from overflow page	199,493	199,493		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,457,331	1,386,117	3,071,215	4,630,587

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	154,720,427		154,720,427	119,484,968
2. Accrued medical incentive pool and bonus amounts	3,190,351		3,190,351	4,017,508
3. Unpaid claims adjustment expenses	3,816,620		3,816,620	3,215,531
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	10,413,158		10,413,158	9,939,296
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	91,787,572		91,787,572	88,649,482
9. General expenses due or accrued	14,148,523		14,148,523	14,005,612
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	1,765,572		1,765,572	1,849,295
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates				
16. Derivatives				
17. Payable for securities				3,268
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$.....0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	2,446,518		2,446,518	4,953,400
23. Aggregate write-ins for other liabilities (including \$.....0 current)	6,446		6,446	5,386
24. TOTAL Liabilities (Lines 1 to 23)	282,295,188		282,295,188	246,123,746
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	100,277,568	102,702,671
32. Less treasury stock, at cost:				
32.10 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.20 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	100,277,568	102,702,671
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	382,572,756	348,826,417
DETAILS OF WRITE-INS				
2301. Unclaimed Property Payable	6,446		6,446	5,386
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	6,446		6,446	5,386
2501.	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	2,407,779	2,231,981
2. Net premium income (including \$.....0 non-health premium income)	X X X	1,363,671,765	1,119,659,753
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X	2,214,798	2,231,385
7. Aggregate write-ins for other non-health revenues	X X X		50
8. TOTAL Revenues (Lines 2 to 7)	X X X	1,365,886,563	1,121,891,188
Hospital and Medical:			
9. Hospital/medical benefits		591,563,495	469,484,465
10. Other professional services		268,392,516	217,374,997
11. Outside referrals		177,646,290	157,043,745
12. Emergency room and out-of-area		47,183,129	40,989,636
13. Prescription drugs		152,120,221	124,911,385
14. Aggregate write-ins for other hospital and medical		(8,129,753)	(30,876,656)
15. Incentive pool, withhold adjustments and bonus amounts		5,820,681	6,629,774
16. Subtotal (Lines 9 to 15)		1,234,596,579	985,557,346
Less:			
17. Net reinsurance recoveries		2,310,810	4,069,687
18. TOTAL Hospital and Medical (Lines 16 minus 17)		1,232,285,769	981,487,659
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....17,912,369 cost containment expenses		29,889,981	27,159,852
21. General administrative expenses		103,393,547	93,717,742
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)		1,365,569,297	1,102,365,253
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	317,266	19,525,935
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		2,138,981	1,249,604
26. Net realized capital gains (losses) less capital gains tax of \$.....0		(87,109)	315,929
27. Net investment gains (losses) (Lines 25 plus 26)		2,051,872	1,565,533
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....4,032,989)]		(4,032,989)	(1,358,596)
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(1,663,851)	19,732,872
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	(1,663,851)	19,732,872
DETAILS OF WRITE-INS			
0601. EOHHS Incentive Income	X X X	2,212,298	2,219,398
0602. Grant Revenue	X X X	2,500	11,987
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	2,214,798	2,231,385
0701. Miscellaneous Income	X X X		50
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		50
1401. Stop Loss Recoveries from EOHHS		(1,743,877)	(15,953,307)
1402. CMS Cost Sharing Reduction Recoveries		(6,385,876)	(14,923,349)
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		(8,129,753)	(30,876,656)
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	102,702,671	85,556,049
34. Net income or (loss) from Line 32	(1,663,851)	19,732,872
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	342,423	274,551
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(1,103,674)	(2,860,800)
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Lines 34 to 47)	(2,425,102)	17,146,623
49. Capital and surplus end of reporting year (Line 33 plus 48)	100,277,569	102,702,672
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	1,359,394,589	1,025,119,680
2.	Net investment income	2,460,657	2,019,644
3.	Miscellaneous income	2,214,798	2,231,435
4.	TOTAL (Lines 1 through 3)	1,364,070,044	1,029,370,759
5.	Benefit and loss related payments	1,192,761,687	944,818,629
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	139,079,399	120,002,733
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	TOTAL (Lines 5 through 9)	1,331,841,086	1,064,821,362
11.	Net cash from operations (Line 4 minus Line 10)	32,228,958	(35,450,603)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	35,154,634	56,436,308
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	4,103,374	229
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7)	39,258,008	56,436,537
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	38,192,828	58,016,800
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications	1,152	4,117,496
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6)	38,193,980	62,134,296
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	1,064,028	(5,697,759)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	2,178,781	(1,997,774)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	2,178,781	(1,997,774)
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)	35,471,767	(43,146,136)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	208,139,475	251,285,611
19.2	End of year (Line 18 plus Line 19.1)	243,611,242	208,139,475

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
---------	-------	--	--

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,363,671,765	54,118,911						1,309,552,854		
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										XXX
4. Risk revenue										XXX
5. Aggregate write-ins for other health care related revenues	2,214,798							2,214,798		XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. TOTAL Revenues (Lines 1 to 6)	1,365,886,563	54,118,911						1,311,767,652		
8. Hospital/medical benefits	591,563,495	19,556,265						572,007,230		XXX
9. Other professional services	268,392,516	10,912,089						257,480,427		XXX
10. Outside referrals	177,646,290	2,267,152						175,379,138		XXX
11. Emergency room and out-of-area	47,183,129	1,517,913						45,665,216		XXX
12. Prescription drugs	152,120,221	9,375,962						142,744,259		XXX
13. Aggregate write-ins for other hospital and medical	(8,129,753)	(6,385,876)						(1,743,877)		XXX
14. Incentive pool, withhold adjustments and bonus amounts	5,820,681							5,820,681		XXX
15. Subtotal (Lines 8 to 14)	1,234,596,579	37,243,505						1,197,353,074		XXX
16. Net reinsurance recoveries	2,310,810	(107,591)						2,418,401		XXX
17. TOTAL Hospital and Medical (Lines 15 minus 16)	1,232,285,769	37,351,096						1,194,934,673		XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$.....17,912,369 cost containment expenses	29,889,981	2,361,867						27,528,114		
20. General administrative expenses	103,393,547	10,177,517						93,216,030		
21. Increase in reserves for accident and health contracts										XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. TOTAL Underwriting Deductions (Lines 17 to 22)	1,365,569,297	49,890,480						1,315,678,817		
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	317,266	4,228,431						(3,911,166)		
DETAILS OF WRITE-INS										
0501. EOHHS Incentive Income	2,212,298							2,212,298		XXX
0502. Grant Revenue	2,500							2,500		XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page										XXX
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	2,214,798							2,214,798		XXX
0601. Miscellaneous Income		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301. Stop Loss Recoveries from EOHHS	(1,743,877)							(1,743,877)		XXX
1302. CMS Cost Sharing Reduction Recoveries	(6,385,876)	(6,385,876)								XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page										XXX
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	(8,129,753)	(6,385,876)						(1,743,877)		XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

		1	2	3	4
	Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical)	54,354,015		235,103	54,118,912
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid	1,311,587,311		2,034,458	1,309,552,853
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	1,365,941,326		2,269,561	1,363,671,765
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	1,365,941,326		2,269,561	1,363,671,765

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	1,188,632,305	37,827,616						1,150,804,689		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	2,518,457	419,076						2,099,381		
1.4 Net	1,186,113,848	37,408,540						1,148,705,308		
2. Paid medical incentive pools and bonuses	6,647,839							6,647,839		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	154,720,426	7,946,607						146,773,819		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	154,720,426	7,946,607						146,773,819		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	3,190,351							3,190,351		
6. Net healthcare receivables (a)	(4,908,133)	(104,407)						(4,803,726)		
7. Amounts recoverable from reinsurers December 31, current year	1,085,347	98,699						986,648		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	119,484,968	8,635,125						110,849,843		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	119,484,968	8,635,125						110,849,843		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	4,017,508							4,017,508		
11. Amounts recoverable from reinsurers December 31, prior year	1,292,994	625,366						667,628		
12. Incurred benefits:										
12.1 Direct	1,228,775,896	37,243,504						1,191,532,391		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	2,310,810	(107,591)						2,418,401		
12.4 Net	1,226,465,086	37,351,095						1,189,113,991		
13. Incurred medical incentive pools and bonuses	5,820,681							5,820,681		

(a) Excludes \$.....1,590,503 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	17,110,821	878,830						16,231,991		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	17,110,821	878,830						16,231,991		
2. Incurred but Unreported:										
2.1 Direct	137,609,605	7,067,777						130,541,828		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	137,609,605	7,067,777						130,541,828		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	154,720,426	7,946,607						146,773,819		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	154,720,426	7,946,607						146,773,819		

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)	6,721,068	31,214,139	250,835	7,695,772	6,971,903	8,635,125
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	96,591,479	1,051,794,809	3,468,898	143,304,921	100,060,378	110,849,843
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	103,312,547	1,083,008,948	3,719,734	151,000,693	107,032,281	119,484,968
10.	Healthcare receivables (a)	359,191	8,302,417			359,191	13,569,741
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	2,707,084	3,940,755		3,190,350	2,707,084	4,017,508
13.	TOTALS (Lines 9 - 10 + 11 + 12)	105,660,440	1,078,647,286	3,719,734	154,191,043	109,380,174	109,932,734

(a) Excludes \$.....1,590,503 loans or advances to providers not yet expensed.

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	32,383	31,730	31,476	31,146	30,846
2. 2013	347,000	383,600	383,621	383,370	383,266
3. 2014	X X X	721,291	792,183	792,133	791,621
4. 2015	X X X	X X X	807,565	888,231	887,562
5. 2016	X X X	X X X	X X X	861,203	968,808
6. 2017	X X X	X X X	X X X	X X X	1,091,858

Section B - Incurred Health Claims

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	32,805	31,730	31,476	31,147	30,846
2. 2013	387,241	383,891	383,519	383,370	383,266
3. 2014	X X X	801,302	792,183	792,133	791,621
4. 2015	X X X	X X X	890,819	889,770	887,562
5. 2016	X X X	X X X	X X X	983,166	972,528
6. 2017	X X X	X X X	X X X	X X X	1,246,048

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2013	426,399	383,266	12,257	3.198	395,523	92.759			395,523	92.759
2. 2014	892,604	791,621	19,412	2.452	811,033	90.861			811,033	90.861
3. 2015	1,009,430	887,562	23,606	2.660	911,168	90.266			911,168	90.266
4. 2016	1,119,660	968,808	26,773	2.763	995,581	88.918	3,720	90	999,391	89.258
5. 2017	1,363,392	1,091,858	25,270	2.314	1,117,128	81.937	154,190	3,727	1,275,045	93.520

12 Total

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

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013			102	102	102
3. 2014	X X X	1,666	1,743	1,678	1,741
4. 2015	X X X	X X X	23,827	23,329	23,962
5. 2016	X X X	X X X	X X X	23,712	29,737
6. 2017	X X X	X X X	X X X	X X X	31,319

Section B - Incurred Health Claims

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013				102	102
3. 2014	X X X	1,850	1,743	1,678	1,741
4. 2015	X X X	X X X	29,529	24,108	23,962
5. 2016	X X X	X X X	X X X	31,568	29,988
6. 2017	X X X	X X X	X X X	X X X	39,014

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2013		102			102				102	
2. 2014	2,441	1,741	241	13.819	1,982	81.179			1,982	81.179
3. 2015	42,649	23,962	498	2.078	24,460	57.352			24,460	57.352
4. 2016	52,676	29,737	3,110	10.457	32,847	62.356	251	6	33,104	62.844
5. 2017	56,119	31,319	1,989	6.350	33,308	59.352	7,695	190	41,193	73.402

12 Hospital and Medical

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare NONE

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

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	32,383	31,730	31,476	31,146	30,846
2.	2013	347,000	383,600	383,519	383,268	383,164
3.	2014	X X X	719,625	790,440	790,455	789,880
4.	2015	X X X	X X X	783,738	864,902	863,600
5.	2016	X X X	X X X	X X X	837,491	939,071
6.	2017	X X X	X X X	X X X	X X X	1,060,539

Section B - Incurred Health Claims

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 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	32,805	31,730	31,476	31,147	30,846
2.	2013	387,241	383,891	383,519	383,268	383,164
3.	2014	X X X	799,452	790,440	790,455	789,880
4.	2015	X X X	X X X	861,290	865,662	863,600
5.	2016	X X X	X X X	X X X	951,598	942,540
6.	2017	X X X	X X X	X X X	X X X	1,207,034

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2013	426,399	383,164	12,257	3.199	395,421	92.735			395,421	92.735
2. 2014	890,163	789,880	19,172	2.427	809,052	90.888			809,052	90.888
3. 2015	966,781	863,600	23,108	2.676	886,708	91.718			886,708	91.718
4. 2016	1,066,984	939,071	23,663	2.520	962,734	90.229	3,469	84	966,287	90.562
5. 2017	1,307,273	1,060,539	23,281	2.195	1,083,820	82.907	146,495	3,537	1,233,852	94.384

12 Title XIX-Medicaid

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

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014					
4. 2015					
5. 2016			X X X		
6. 2017	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014					
4. 2015					
5. 2016			X X X		
6. 2017	X X X	X X X	X X X	X X X	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2013										
2. 2014										
3. 2015										
4. 2016										
5. 2017										

12 Other

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income)									
5. Aggregate write-ins for other policy reserves	10,413,158	10,413,158							
6. TOTALS (Gross)	10,413,158	10,413,158							
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	10,413,158	10,413,158							
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. TOTALS (Gross)									
13. Reinsurance ceded									
14. TOTALS (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501. Risk Adjustment Liability	10,413,158	10,413,158							
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	10,413,158	10,413,158							
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	342,511	232,625	1,891,946		2,467,082
2. Salaries, wages and other benefits	8,844,278	6,011,514	30,759,075		45,614,867
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)					
4. Legal fees and expenses	24,784	16,833	136,900		178,517
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	1,149,766	780,893	6,351,027		8,281,686
7. Traveling expenses	43,824	29,764	242,073		315,661
8. Marketing and advertising	303,161	205,900	1,674,589		2,183,650
9. Postage, express and telephone	97,947	66,523	541,036		705,506
10. Printing and office supplies	382,968	260,103	2,115,425		2,758,496
11. Occupancy, depreciation and amortization	133,575	90,721	737,837		962,133
12. Equipment	274,240	186,257	1,514,834		1,975,331
13. Cost or depreciation of EDP equipment and software	663,886	450,895	3,667,144		4,781,925
14. Outsourced services including EDP, claims, and other services	4,706,748	3,196,707	25,998,934		33,902,389
15. Boards, bureaus and association fees	49,943	33,920	275,871		359,734
16. Insurance, except on real estate	104,478	70,959	577,110		752,547
17. Collection and bank service charges	2,779	1,887	15,350		20,016
18. Group service and administration fees					
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			23,675,701		23,675,701
23.3 Regulatory authority licenses and fees	20,088	13,643	110,963		144,694
23.4 Payroll taxes	767,393	217,157	2,038,520		3,023,070
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				293,230	293,230
25. Aggregate write-ins for expenses		111,314	1,069,213		1,180,527
26. TOTAL Expenses Incurred (Lines 1 to 25)	17,912,369	11,977,615	103,393,548	293,230	(a) 133,576,763
27. Less expenses unpaid December 31, current year		3,816,620	14,148,523		17,965,143
28. Add expenses unpaid December 31, prior year		2,479,877	14,005,612		16,485,489
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	17,912,369	10,640,872	103,250,637	293,230	132,097,109
DETAILS OF WRITE-INS					
2501. Conferences, Training, and Tuition		41,973	403,164		445,137
2502. Recruitment Fees		62,760	602,840		665,600
2503. Meeting		6,581	63,209		69,790
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)		111,314	1,069,213		1,180,527

(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) 565,648	627,387
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 1,061,393	813,242
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 777,443	992,110
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. TOTAL Gross investment income	2,404,484	2,432,738
11. Investment expenses		(g) 293,230
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 527
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. TOTAL Deductions (Lines 11 through 15)		293,758
17. Net Investment income (Line 10 minus Line 16)		2,138,981

DETAILS OF WRITE-INS

0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)		

- (a) Includes \$ 98,544 accrual of discount less \$ 608,877 amortization of premium and less \$ 103,462 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 \$ 69,440 accrual of discount less \$ 141,895 amortization of premium and less \$ 307,364 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	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(385)		(385)	342,423	
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	(85,572)		(85,572)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	(1,152)		(1,152)		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. TOTAL Capital gains (losses)	(87,109)		(87,109)	342,423	

DETAILS OF WRITE-INS

0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Invested income due and accrued			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	254,987		(254,987)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination		1,544,405	1,544,405
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	15,269	158,087	142,818
21. Furniture and equipment, including health care delivery assets	911,501	1,127,412	215,911
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	4,899,760	859,117	(4,040,643)
25. Aggregate write-ins for other than invested assets	1,386,117	2,674,938	1,288,821
26. TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	7,467,633	6,363,959	(1,103,674)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. TOTAL (Lines 26 and 27)	7,467,633	6,363,959	(1,103,674)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Prepaid Premium Taxes			
2502. Prepaid Expenses	1,186,624	2,372,981	1,186,357
2503. Receivable from State			
2598. Summary of remaining write-ins for Line 25 from overflow page	199,493	301,957	102,464
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,386,117	2,674,938	1,288,821

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	192,678	200,186	204,494	199,799	199,639	2,407,779
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	192,678	200,186	204,494	199,799	199,639	2,407,779
DETAILS OF WRITE-INS							
0601.						
0602.						
0603.						
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Neighborhood Health Plan of Rhode Island (the “Company” or “Neighborhood”) have been prepared in conformity with accounting practices prescribed or permitted by the state of Rhode Island for determining and reporting the financial conditions and results of operations of an insurance company for determining its solvency under Rhode Island Insurance law. The National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures Manual, (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the state of Rhode Island.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Rhode Island is shown below:

		SSAP #	F/S Page	F/S Line #	2017	2016
<u>NET INCOME</u>						
(1)	State basis (Page 4, Line 32, Columns 2 & 3)				(1,663,851)	19,732,872
(2)	State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
(201)						
(299)	Total				0	0
(3)	State Permitted Practices that are an increase/(decrease) NAIC SAP:					
(301)						
(399)	Total				0	0
(4)	NAIC SAP (1-2-3=4)				(1,663,851)	19,732,872
<u>SURPLUS</u>						
(5)	State basis (Page 3, Line 33, Columns 3 & 4)				100,277,568	102,702,671
(6)	State Prescribed Practices that are an increase/(decrease) NAIC SAP:					
(601)						
(699)	Total				0	0
(7)	State Permitted Practices that are an increase/(decrease) NAIC SAP:					
(701)						
(799)	Total				0	0
(8)	NAIC SAP (5-6-7=8)				100,277,568	102,702,671

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

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 disclosures 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 capitation premiums are recognized in the period members are entitled to related health care services. Health care service costs and the related liabilities for claims payable are recorded when medical services are authorized, as well as when services are provided without authorization to the extent such services are expected to be ultimately authorized. Expenses are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

(1) Short-term investments are stated at amortized cost.

(2) Bonds are stated at amortized cost using the scientific interest method. The Company does not have any mandatory convertible securities and SVO-identified investments.

Notes to Financial Statements

(3) The Company had no common stock.

(4) The Company had no preferred stock.

(5) The Company had no mortgage loans.

(6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value.

(7) The Company had no investments in parent, subsidiary or affiliates.

(8) The Company had no investments in joint ventures, partnership, and limited liability companies based on the underlying GAAP equity of the investee.

(9) The Company had no derivatives.

(10) The Company does utilize anticipated investment income as a factor in the premium deficiency calculation.

(11) Unpaid losses and loss adjustment expenses include amounts determined from claims estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

(12) The Company's capitalization policy has not changed.

(13) The Company's pharmaceutical rebate receivables are estimated based on a historical percentage of gross pharmaceutical claims methodology.

D. Going Concern

None

2. Accounting Changes and Corrections of Errors

None

3. Business Combinations and Goodwill

A. Statutory Purchase Method - None

B. Statutory Merger - None

C. Assumption Reinsurance – None

D. Impairment Loss – None

4. Discontinued Operations

A. Discontinued Operation Disposed of or Classified as Health for Sale – None

B. Change in Plan of Sale of Discontinued Operation – None

C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal – None

D. Equity Interest Retained in Discontinued Operation After Disposal - None

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans - None

B. Debt Restructuring - None

C. Reverse Mortgages - None

D. Loan-Backed Securities - None

E. Dollar Repurchase Agreements and/or Securities Lending Transactions – None

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing – None

Notes to Financial Statements

- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – None
- H. Repurchase Agreements Transactions Accounted for as a Sale – None
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale – None
- J. Real Estate – None
- K. Low-income housing tax credits (LIHTC) – None
- L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1	2	3	4	5	6	7
	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$%%
b. Collateral held under security lending agreements
c. Subject to repurchase agreements
d. Subject to reverse repurchase agreements
e. Subject to dollar repurchase agreements
f. Subject to dollar reverse repurchase agreements
g. Placed under option contracts
h. Letter stock or securities restricted as to sale– excluding FHLB capital stock
i. FHLB capital stock
j. On deposit with states	84,464,872	82,874,847	1,590,025		84,464,872	21.655%	22.078%
k. On deposit with other regulatory bodies
l. Pledged as collateral to FHLB (including assets backing funding agreements)
m. Pledged as collateral not captured in other categories
n. Other restricted assets
o. Total Restricted Assets	\$84,464,872	\$82,874,847	\$1,590,025		\$84,464,872	21.655%	22.078%

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories – None

(3) Detail of Other Restricted Assets – None

- M. Working Capital Finance Investments – None
- N. Offsetting and Netting of Assets and Liabilities – None

Notes to Financial Statements

O. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage Referenced Security (Yes/No)
912810FR4	105,580.51	104,464.01	105,128.42	NO
912810FR4	553,572.14	547,689.87	551,194.97	NO
912810FS2	69,034.75	69,967.19	69,315.93	NO
912810FS2	367,243.98	372,225.42	368,743.29	NO
912810PS1	63,626.57	63,031.82	63,565.27	NO
912810PS1	338,393.47	335,214.70	338,066.18	NO
912828L3	89,471.91	90,347.42	89,601.38	NO
912828L3	475,173.09	479,845.17	475,798.56	NO
912828B25	221,878.78	228,230.56	228,457.79	NO
912828B25	1,101,576.62	1,150,841.86	1,144,350.27	NO
912828C99	276,295.50	282,708.26	284,108.85	NO
912828C99	1,454,074.28	1,491,312.33	1,498,747.26	NO
912828H45	216,999.36	221,051.39	224,641.67	NO
912828H45	1,135,887.94	1,156,904.46	1,175,845.24	NO
912828JE1	19,828.60	19,671.71	19,666.65	NO
912828JE1	108,474.12	107,615.84	107,588.16	NO
912828JX9	40,308.32	39,890.81	39,888.64	NO
912828JX9	216,953.60	214,706.42	214,694.73	NO
912828K33	199,456.58	204,020.12	206,199.88	NO
912828K33	1,049,776.30	1,073,734.73	1,085,202.14	NO
912828LA6	83,415.40	79,847.84	80,160.30	NO
912828LA6	424,077.52	407,581.49	408,894.73	NO
912828MF4	18,756.29	18,743.18	18,913.69	NO
912828MF4	112,683.70	112,459.07	113,420.10	NO
912828N71	223,352.85	229,056.37	229,946.26	NO
912828N71	1,180,567.58	1,210,726.55	1,215,430.96	NO
912828NM8	113,731.84	114,517.74	114,198.66	NO
912828NM8	613,045.27	620,499.17	617,948.39	NO
912828PP9	157,979.54	156,849.55	157,811.29	NO
912828PP9	830,572.94	840,016.45	840,171.23	NO
912828QV5	148,803.27	150,667.99	151,402.48	NO
912828QV5	779,118.06	801,330.51	801,549.72	NO
912828S50	135,457.62	134,851.05	138,164.15	NO
912828S50	721,748.66	718,534.69	736,156.05	NO
912828SA9	217,642.30	224,855.85	226,410.47	NO
912828SA9	1,133,957.21	1,197,058.66	1,198,493.22	NO
912828SQ4	161,848.02	161,764.23	163,327.49	NO
912828SQ4	850,746.07	850,299.15	858,547.00	NO
912828TE0	222,753.39	230,469.26	231,611.45	NO
912828TE0	1,201,907.21	1,218,807.19	1,243,970.49	NO
912828UH1	175,823.69	182,536.77	183,674.99	NO
912828UH1	935,897.36	965,746.85	981,802.15	NO
912828UX6	58,856.31	59,704.96	59,866.77	NO
912828UX6	294,677.67	300,657.13	301,494.57	NO
912828V49	203,928.51	206,990.69	207,209.45	NO
912828V49	1,078,637.89	1,094,818.41	1,095,986.52	NO
912828VM9	183,416.27	189,186.38	189,820.00	NO
912828VM9	938,234.32	1,000,443.21	990,547.44	NO
912828WU0	168,291.77	177,733.36	176,021.47	NO
912828WU0	887,500.48	935,925.36	927,852.77	NO
912828X39	78,619.35	78,597.50	79,536.06	NO
912828X39	412,248.28	412,133.05	417,055.07	NO
912828XL9	193,260.64	201,212.13	200,692.58	NO
912828XL9	1,032,495.04	1,074,868.93	1,072,183.22	NO
	24,077,659	24,612,965	24,721,076	XXX

Notes to Financial Statements

P. 5* Securities – None

Q. Short Sales – None

R. Prepayment Penalty and Acceleration Fees - None

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company does not have any Joint Ventures, Partnerships and Limited Liability Companies that exceed 10% of the admitted assets.

B. The Company does not have any impaired Joint Ventures, Partnerships and Limited Liability Companies.

7. Investment Income

A. All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default are excluded from surplus.

B. The Company had no investment income due and accrued excluded from surplus.

8. Derivative Instruments

None

9. Income Taxes

None

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A, B, C & D

A Neighborhood bylaw includes certain Rhode Island Community Health Centers to be "Members of the Corporation" so long as specific criteria continue to be met, which includes having in effect with Neighborhood a contract to provide health care services for Neighborhood's enrollees in exchange for payment. Contracts entered into by and between Neighborhood and the Members of the Corporation provide for capitation-based reimbursement to manage and deliver primary care medical services and fee-for-service based reimbursement to deliver other medical services. For the years ended December 31, 2016 and 2017, medical and hospital expenses included \$38,853,866 and \$34,272,511, respectively, for medical services provided, and incentive arrangements earned, by such Members of the Corporation. At December 31, 2016 and 2017 accrued incentives in the amount of \$4,017,508 and \$3,190,531 were due to members of the Corporation.

E. Guarantees - None

F. Material management contracts – None

G. Common Control – None

H. Deductions in Value – There have been no deductions in value between affiliated companies.

I. SCA that exceed 10% of Admitted Assets – None

J. Impaired SCAs – None

K. Foreign Subsidiary – None

L. Downstream Noninsurance Holding Company – None

M. Non-Insurance SCA Investments - None

N. Investment in Insurance SCA – None

11. Debt

A. Debt – None

B. FHLB (Federal Home Loan Bank) Agreements – None

Notes to Financial Statements

- 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.**
- A. Defined Benefit Plan - None
 - B. Investment Policies and Strategies – None
 - C. Plan Assets – None
 - D. Long-term Rate-of-return-on-assets Assumption - None
 - E. Defined Contribution Plans - Neighborhood sponsors a Safe Harbor 401(k) Profit Sharing Plan and Trust (the Plan) covering employees meeting certain age and length of service requirements. Neighborhood matches one hundred percent of the first three percent of a participant’s eligible compensation and fifty percent of the next two percent of a participant’s eligible compensation contribution. Employer contributions to the Plan included in administrative expenses, totaled \$1,008,535 and \$1,153,411 for the years ended December 31, 2016 and 2017, respectively. At December 31, 2017, the fair value of plan assets was \$26,706,471.
 - F. Multi-Employer Plan – None
 - G. Consolidated/Holding Company Plans – None
 - H. Post-Employment Benefits and Compensated Absences – None
 - I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – None
- 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**
- (1) The Company has no common stock issued or outstanding.
 - (2) The Company has no preferred stock issued or outstanding.
 - (3) No dividends can be issued since the Company is not a stock company.
 - (4) None.
 - (5) None.
 - (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being paid.
 - (7) The Company has no advances to surplus not repaid.
 - (8) The Company held no stock.
 - (9) There were no changes to the balances of any special surplus funds from the prior year.
 - (10) Portion of unassigned funds represented or reduced by unrealized gains or losses is \$928,548.
 - (11) Surplus Notes - None
 - (12), (13) There have been no quasi-reorganizations.
- 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 – None
 - E. Joint and Several Liabilities – None
 - F. All Other Contingencies – None

Notes to Financial Statements

15. Leases

A. Lessee Operating Lease –

Neighborhood has two operating lease agreements, one with Foundry Parcel Six Associates, LLC and the other with Smithfield Office Center LLC. It also has one sublease agreement with Northwestern Mutual Life Insurance Company.

Neighborhood's operating lease agreement with Foundry Parcel Six Associates, LLC, leases approximately 61,040 square feet of office space. The terms and conditions for this agreement extend through December 31, 2018. Neighborhood has the option to extend lease for one (1) additional five (5) year term.

On October 31, 2013 Neighborhood entered into a sublease agreement with the Northwestern Mutual Life Insurance Company to sublease approximately 9,250 square feet of office space. The term for this sublease is from January 2014 to December 2018. Construction and occupation was completed in February, 2014. There are no options to extend the lease.

In December 2015 the Company entered into a lease with Smithfield Office Center, LLC to rent out 75,543 square feet of administrative office space through November 2025. Neighborhood has the option to extend the term of this lease for two (2) consecutive additional periods of five (5) year each.

In addition to base rent, Neighborhood pays to Foundry Parcel Six Associates, LLC and Smithfield Office Center, LLC, increases in real estate taxes and operating expenses over the base year amounts, as well as maintenance and insurance costs on all leases and subleases. Neighborhood also pays to Northwestern Mutual Life Insurance Company a square footage percentage of electricity costs based on the total rentable space. The above operating leases (excluding the sublease) require Neighborhood to pay the lessor security deposits of \$79,363. The security deposits, together with any and all accrued interest, will be held by the lessor during the term of the leases.

Minimum rent expense related to the leases totaled approximately \$2,424,434 and \$2,014,541 for the years ended December 31, 2016 and 2017 respectively.

At December 31, 2017 the annual minimum future lease payments under all non-cancelable operating leases with Foundry Parcel Six Associates, LLC, and Smithfield Office Center, LLC, and Northwestern Mutual Life Insurance Company, excluding real estate taxes and operating expenses, are \$15,828,591.

(2) a. At January 1, 2018, the minimum aggregate rental commitments are as follows:

	Year Ending December 31	Operating Leases
1	2018	2,560,270
2	2019	2,622,381
3	2020	2,916,483
4	2022	1,512,338
5	2022	1,541,874
6	There After	4,675,245
7	Total	15,828,591

b. None

B. Lessor Leases – None

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

None

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

A. Transfers of Receivables reported as Sales – None

B. Transfer and Servicing of Financial Assets – None

C. Wash Sales – None

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

A. ASO Plans – None

B. ASC Plans - None

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract – None

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

None

Notes to Financial Statements

20. Fair Value Measurements

A.

(1) Fair Value Measurements at Reporting Date - During the year of 2017, Neighborhood did not report any assets or liabilities at fair value by using Level 1, level 2 and level 3 measures after initial recognition. Level 1 measurement is the unadjusted quoted price for identical assets or liabilities in active markets accessible at the measurement date, Level 2 measurement requires significant other observable inputs, and Level 3 requires significant unobservable inputs. Neighborhood's investments, comprised principally of bonds, are recorded at amortized cost.

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy - None

(3) The Company's policy for determining when transfers between levels are recognized is determined at the end of the reporting period.

(4) The valuation techniques and inputs used in the fair value measurement Level 2: The fair value of most securities is priced automatically through Neighborhood's primary pricing vendor: Interactive Data Pricing and Reference Data, Inc., and other industry leading pricing sources like Bloomberg and PricingDirect Inc. In the event an automated price is not available from pricing vendors, other pricing sources, like investment managers and brokers, are used to ensure accurate and timely pricing.

The valuation techniques and inputs used in the fair value measurement Level 3: not applicable.

(5) Derivative assets and liabilities- None

B. Fair Value Information under SSAP No. 100 combined with Fair Value information Under Other Account Pronouncements – None

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$101,734,026	\$102,349,117		\$101,734,026		
Short-term Investments	\$51,837,639	\$51,837,639		\$51,837,639		
Cash Equivalents	\$95,613,431	\$95,613,431		\$95,613,431		

D. Not Practicable to Estimate Fair Value – None

21. Other Items

A. Unusual and Infrequent Items – None

B. Troubled Debt Restructuring – None

C. Other Disclosures – None

D. Business Interruption Insurance Recoveries - None

E. State Transferable and Non-transferable Tax Credits - None

F. Subprime-Mortgage-Related Risk Exposure – None

G. Retained Assets – None

H. Insurance-Linked Securities – None

22. Events Subsequent

Type I. – Recognized Subsequent Events

Subsequent events have been considered through February 28, 2018 for the statutory statement issued on December 31, 2017.

None

Notes to Financial Statements

Type II. – Nonrecognized Subsequent Events

Subsequent events have been considered through February 28, 2018 for the statutory statement issued on December 31, 2017.

On January 1, 2018, the Company will not be subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA) due to the percentage of Medicaid business being over 80% of total premiums.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (x)

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (x)

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (x)

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (x)

Section 3 – Ceded Reinsurance Report – Part B – None

B. Uncollectible Reinsurance – None

C. Commutation of Ceded Reinsurance – None

D. Certified Reinsurer Downgraded or Status Subject to Revocation – None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. The Company has no accrued retrospective rated contracts or contracts subject to redetermination.

B. The Company has no accrued retrospective rated contracts or contracts subject to redetermination.

C. The Company has no accrued retrospective rated contracts or contracts subject to redetermination.

D. Medical loss ratio rebates required pursuant to the Public Health Service Act - None

E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? Yes

Notes to Financial Statements

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

	AMOUNT
a. Permanent ACA Risk Adjustment Program	
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment	0
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	26,327
3. Premium adjustments payable due to ACA Risk Adjustment	10,413,158
Operations (Revenue & Expense)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	(10,768,242)
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	4,690
b. Transitional ACA Reinsurance Program	
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	34,518
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	0
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	0
Liabilities	
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	
5. Ceded reinsurance premiums payable due to ACA Reinsurance	0
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	
Operations (Revenue & Expense)	
7. Ceded reinsurance premiums due to ACA Reinsurance	28,287
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	(171,772)
9. ACA Reinsurance contributions – not reported as ceded premium	9,524
c. Temporary ACA Risk Corridors Program	
Assets	
1. Accrued retrospective premium due to ACA Risk Corridors	0
Liabilities	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	0
Operations (Revenue & Expense)	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	70,863
4. Effect of ACA Risk Corridors on change in reserves for rate credits	0

Notes to Financial Statements

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance.

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 - 3 +7)	Cumulative Balance from Prior Years (Col 2 - 4 +8)
	1	2	3	4	5	6	7	8	Ref	9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	A	\$0	\$0
2. Premium adjustments payable	\$0	\$7,227,174	\$0	\$8,743,759	\$0	\$(1,516,585)	\$0	\$1,516,624	B	\$0	\$39
3. Subtotal ACA Permanent Risk Adjustment Program	\$0	\$7,227,174	\$0	\$8,743,759	\$0	\$(1,516,585)	\$0	\$1,516,624		\$0	\$39
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	\$625,366	\$0	\$1,695,583	\$0	\$(1,070,217)	\$0	\$1,104,735	\$0	C	\$34,518	\$0
2. Amounts recoverable for claims unpaid (contra liability)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	D	\$0	\$0
3. Amounts receivable relating to uninsured plans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	E	\$0	\$0
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	F	\$0	\$0
5. Ceded reinsurance premiums payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	G	\$0	\$0
6. Liability for amounts held under uninsured plans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	H	\$0	\$0
7. Subtotal ACA Transitional Reinsurance Program	\$625,366	\$0	\$1,695,583	\$0	\$(1,070,217)	\$0	\$1,104,735	\$0		\$34,518	\$0
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	I	\$0	\$0
2. Reserve for rate credits or policy experience rating refunds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	J	\$0	\$0
3. Subtotal ACA Risk Corridors Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
d. Total for ACA Risk Sharing Provisions	\$625,366	\$7,227,174	\$1,695,583	\$8,743,759	\$(1,070,217)	\$(1,516,585)	\$1,104,735	\$1,516,624		\$34,518	\$39

Explanations of Adjustments

A
B Adjusted amount based on notice received from United States Department of Health and Human Services.
C Adjusted amount based on notice received from United States Department of Health and Human Services.
D
E
F
G
H
I. Accrued estimate for 2015.
J Adjustment based off of final Risk Corridor Calculation

(4) Roll Forward of ACA Risk Corridor Asset and Liability Balances - None

(5) ACA Risk Corridor Receivable - None

Notes to Financial Statements

25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2016 were \$126,718,007. As of December 31, 2017, \$102,514,095 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$3,719,734 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$20,484,179 favorable prior-year development since December 31, 2016 to December 31, 2017. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

In accordance with NAIC SAP Statement No. 84, the following is a summary of the required disclosures relating to pharmaceutical rebates:

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
12/31/2017	2,591,499				
09/30/2017	2,893,508				
06/30/2017	2,434,744			2,297,469	
03/31/2017	2,110,730	2,503,556		1,404,598	
12/31/2016	848,081	1,207,338		1,207,338	
09/30/2016	1,050,000	1,482,762		1,162,316	
06/30/2016	1,050,000	1,383,794		1,378,371	
03/31/2016	1,050,000	1,144,285		533,785	605,957
12/31/2015	2,959,475	1,203,734		558,570	626,862
09/30/2015	801,000	1,209,384		670,111	511,286
06/30/2015	801,000	1,129,744		600,300	502,450
03/31/2015	660,000	874,662		489,787	384,559

Pharmaceutical rebate receivables are estimated based on the past experience and historical trends.

B. Risk Sharing Receivables - None

29. Participating Policies

None

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves
2. Date of the most recent evaluation of this liability
3. Was anticipated investment income utilized in the calculation? (Yes / No)

\$0
<u>12/31/2017</u>
<u>YES</u>

31. Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes[] No[X]
- 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[] No[] N/A[X]
- 1.3 State Regulating?
- 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.12/31/2016.....
- 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.12/31/2013.....
- 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).11/21/2014.....
- 3.4 By what department or departments?
Rhode Island Department of Business Regulation, Insurance Division
- 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[] No[X] N/A[]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes, 0.000%
- 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 by the Federal Reserve Board? Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide 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
.....	No	No	No	No

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP, 200 Charendon Street, Boston, MA 02116
- 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 response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes[] No[X]
- 10.4 If response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[] N/A[]
- 10.6 If the response to 10.5 is no or n/a please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

GENERAL INTERROGATORIES (Continued)

Jeremy D. Palmer, Principal & Consulting Actuary, Milliman, 111 Monument Circle, Suite 601, Indianapolis, IN 46204

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes No
 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 N/A
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes No N/A
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes No N/A
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes 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
 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
 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
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes 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 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 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
- 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 end of year (inclusive of Separate Accounts, exclusive of policy loans):
 20.21 To directors or other officers \$ 0
 20.22 To stockholders not officers \$ 0
 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes No
 21.2 If yes, state the amount thereof at December 31 of the current year:
 21.21 Rented from others \$ 0
 21.22 Borrowed from others \$ 0
 21.23 Leased from others \$ 0
 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes No
 22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment \$ 0
 22.22 Amount paid as expenses \$ 0
 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes 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)
 Not Applicable
 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
 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

GENERAL INTERROGATORIES (Continued)

- 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 currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes[X] No[]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ 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 to sale - excluding FHLB Capital Stock \$ 0
- 25.27 FHLB Capital Stock \$ 0
- 25.28 On deposit with states \$ 84,464,872
- 25.29 On deposit with other regulatory bodies \$ 0
- 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 I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[] No[X]
- 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

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)
Comerica Bank	411 West Lafayette, Detroit, MI 48226	Not all provisions related to safeguards and controls were included in Custodial Agreement.
RBS Citizens Bank	One Citizens Plaza, Providence, RI 02903	Not all provisions related to safeguards and controls were included in Custodial Agreement

- 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
Income Research & Management	U
RBS Citizens Bank - Private Wealth	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[] No[X]
- 28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes[] No[X]
- 28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

GENERAL INTERROGATORIES (Continued)

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
104863	Income Research & Management	DRMSV1Q0EKMEXLAU1P80	SEC Inv Mgr, not a registered Investment Advisor	DS
	RBS Citizens Bank - Private Wealth			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	154,186,755	153,571,665	(615,090)
30.2 Preferred stocks			
30.3 Totals	154,186,755	153,571,665	(615,090)

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

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 [] N/A []

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-designation 5*GI securities, the reporting entity is certifying the following elements for each self-designated 5*GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist.
- 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 5*GI securities?

Yes [] No [X]

OTHER

34.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$ 109,681

34.2 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
National Committee for Quality Assurance	60,632
Health Plan Alliance	49,049

35.1 Amount of payments for legal expenses, if any?

\$ 142,673

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

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
Foley & Lardner, LLP	49,892

- 36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 0
- 36.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes No
- 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	1,363,671,765	1,119,659,753
2.2 Premium Denominator	1,363,671,765	1,119,659,753
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	166,043,757	133,441,772
2.5 Reserve Denominator	168,323,936	133,441,772
2.6 Reserve Ratio (2.4 / 2.5)	0.986	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes No
- 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 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 N/A
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes No
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ 525,000
- 5.32 Medical Only \$ 0
- 5.33 Medicare Supplement \$ 0
- 5.34 Dental & Vision \$ 0
- 5.35 Other Limited Benefit Plan \$ 0
- 5.36 Other \$ 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
The Company has hold harmless clause with all contracted providers
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes 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 5,951
- 8.2 Number of providers at end of reporting year 6,799
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes No
- 9.2 If yes, direct premium earned:
- 9.21 Business 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 No
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 3,190,351
- 10.22 Amount actually paid for year bonuses \$ 6,647,838
- 10.23 Maximum amount payable withholds \$ 0
- 10.24 Amount actually paid for year withholds \$ 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes No
- 11.13 An Individual Practice Association (IPA), or, Yes No
- 11.14 A Mixed Model (combination of above)? Yes No
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes No
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.
Rhode Island
- 11.4 If yes, show the amount required. \$ 95,640,338
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes No
- 11.6 If the amount is calculated, show the calculation.
200% of Authorized Control Level RBC
- 12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
Rhode Island

- 13.1 Do you act as a custodian for health savings accounts? Yes No
- 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
- 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, as authorized reinsurers? Yes No N/A

GENERAL INTERROGATORIES (Continued)

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
.....

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
15.2 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)

FIVE-YEAR HISTORICAL DATA

	1 2017	2 2016	3 2015	4 2014	5 2013
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	382,572,757	348,826,417	369,480,153	251,986,846	134,475,983
2. TOTAL Liabilities (Page 3, Line 24)	282,295,188	246,123,746	283,924,104	193,871,536	98,729,173
3. Statutory minimum capital and surplus requirement	95,640,338	76,324,796	68,106,626	62,512,730	30,120,474
4. TOTAL Capital and Surplus (Page 3, Line 33)	100,277,568	102,702,671	85,556,049	58,115,309	35,746,810
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	1,365,886,563	1,121,891,188	1,011,374,936	894,421,716	428,150,247
6. TOTAL Medical and Hospital Expenses (Line 18)	1,232,285,769	981,487,659	881,073,729	796,061,342	382,607,943
7. Claims adjustment expenses (Line 20)	29,889,981	27,159,852	23,395,147	18,464,974	11,650,196
8. TOTAL Administrative Expenses (Line 21)	103,393,547	93,717,742	78,880,735	59,451,842	41,314,338
9. Net underwriting gain (loss) (Line 24)	317,266	19,525,935	28,025,325	20,443,558	(3,122,230)
10. Net investment gain (loss) (Line 27)	2,051,872	1,565,533	936,952	719,765	188,974
11. TOTAL Other Income (Lines 28 plus 29)	(4,032,989)	(1,358,596)	(386,625)	(31,689)	(861,883)
12. Net income or (loss) (Line 32)	(1,663,851)	19,732,872	28,575,652	21,131,634	(3,795,139)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	32,228,958	(35,450,603)	114,796,935	111,503,021	(9,221,819)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	100,277,568	102,702,671	85,556,049	58,115,309	35,746,810
15. Authorized control level risk-based capital	47,820,169	38,162,355	34,053,313	31,256,365	15,060,237
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	199,639	192,678	178,418	147,699	99,194
17. TOTAL Members Months (Column 6, Line 7)	2,407,779	2,231,981	2,068,756	1,662,870	1,110,948
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	90.4	87.7	87.3	89.2	89.7
20. Cost containment expenses	1.3	1.5	1.4	1.1	1.4
21. Other claims adjustment expenses	0.9	1.0	1.0	1.0	1.3
22. TOTAL Underwriting Deductions (Line 23)	100.1	98.5	97.4	97.9	101.1
23. TOTAL Underwriting Gain (Loss) (Line 24)	0.0	1.7	2.8	2.3	(0.7)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	109,380,174	81,487,345	68,698,073	36,237,795	32,713,713
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	109,932,734	73,051,660	77,302,499	38,479,315	35,253,945
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					
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[] N/A[X]

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	L	54,354,015		1,311,587,311			1,365,941,326		
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X	54,354,015		1,311,587,311			1,365,941,326		
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) ... 1	54,354,015		1,311,587,311			1,365,941,326		
DETAILS OF WRITE-INS									
58001	X X X								
58002	X X X								
58003	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X								

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

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation by state, premiums by state, etc.: Premiums were allocated by residence of member.

39 Schedule T - Part 2 - Interstate Compact - Exhibit of Premiums Written NONE

40 Schedule Y - Part 1 NONE

41 Schedule Y - Part 1A NONE

42 Schedule Y - Part 2 NONE

INDEX TO HEALTH ANNUAL STATEMENT

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

INDEX TO HEALTH ANNUAL STATEMENT

Schedule DB - Verification	SI14
Schedule DL - Part 1	E24
Schedule DL - Part 2	E25
Schedule E - Part 1 - Cash	E26
Schedule E - Part 2 - Cash Equivalents	E27
Schedule E - Part 3 - Special Deposits	E28
Schedule E - Verification Between Years	SI15
Schedule S - Part 1 - Section 2	31
Schedule S - Part 2	32
Schedule S - Part 3 - Section 2	33
Schedule S - Part 4	34
Schedule S - Part 5	35
Schedule S - Part 6	36
Schedule S - Part 7	37
Schedule T - Part 2 - Interstate Compact	39
Schedule T - Premiums and Other Considerations	38
Schedule Y - Part 1 - Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14