



# HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011  
OF THE CONDITION AND AFFAIRS OF THE

## UnitedHealthcare of New England, Inc.

NAIC Group Code 0707 0707 NAIC Company Code 95149 Employer's ID Number 05-0413469  
(Current) (Prior)

Organized under the Laws of Rhode Island, State of Domicile or Port of Entry Rhode Island

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

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

Incorporated/Organized 11/14/1984 Commenced Business 12/27/1984

Statutory Home Office 475 Kilvert Street, Suite 310, Warwick, RI 02886-1392  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 48 Monroe Turnpike  
(Street and Number)  
Trumbull, CT 06611, 203-459-6000  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 9900 Bren Rd East, MN008-W345, Minnetonka, MN 55343  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 9900 Bren Rd East, MN008-W345  
(Street and Number)  
Minnetonka, MN 55343, 952-936-1237  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.unitedhealthcare.com

Statutory Statement Contact Sarah Kay Verdoorn, 952-936-1237  
(Name) (Area Code) (Telephone Number)  
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(E-mail Address) (FAX Number)

**OFFICERS**

President Stephen John Farrell Secretary Christina Regina Palme-Krizak  
 Chief Executive Officer Peter John Clarkson Treasurer Robert Worth Oberrender

**OTHER OFFICERS**

Timothy John Noel Chief Financial Officer Michelle Marie Huntley Dill Assistant Secretary Juanita Bolland Luis Assistant Secretary  
Robert Noel Dellacorte VP-Finance and Assistant Treasurer Patrice Evelyn Cooper VP-Medicaid Operations

**DIRECTORS**

Peter John Clarkson Patrice Evelyn Cooper Stephen John Farrell

State of \_\_\_\_\_ State of \_\_\_\_\_ State of \_\_\_\_\_  
 County of \_\_\_\_\_ County of \_\_\_\_\_ County of \_\_\_\_\_

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

<u>Stephen John Farrell</u> President	<u>Christina Regina Palme-Krizak</u> Secretary	<u>Timothy John Noel</u> Chief Financial Officer
Subscribed and sworn to before me this _____ day of _____	Subscribed and sworn to before me this _____ day of _____	Subscribed and sworn to before me this _____ day of _____

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

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	151,055,302	0	151,055,302	152,069,983
2. Stocks (Schedule D):				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	35,279,404		35,279,404	33,075,557
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ encumbrances) .....			0	0
5. Cash (\$ .....(5,116,179) , Schedule E - Part 1), cash equivalents (\$ .....999,966 , Schedule E - Part 2) and short-term investments (\$ .....7,870,542 , Schedule DA) .....	3,754,329		3,754,329	(4,468,827)
6. Contract loans, (including \$ ..... premium notes) .....			0	0
7. Derivatives (Schedule DB) .....			0	0
8. Other invested assets (Schedule BA) .....			0	0
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets (Schedule DL) .....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	190,089,035	0	190,089,035	180,676,713
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
14. Investment income due and accrued .....	1,697,931	0	1,697,931	1,739,680
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	3,676,071	33,870	3,642,201	3,467,393
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	0
15.3 Accrued retrospective premiums .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	2,138,175		2,138,175	3,100,813
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....	69,400		69,400	676,057
17. Amounts receivable relating to uninsured plans .....	907,150	10,692	896,458	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	442,039
18.2 Net deferred tax asset .....	1,959,529		1,959,529	6,766,899
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software .....			0	0
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	11,071,228		11,071,228	0
24. Health care (\$ .....12,242,414 ) and other amounts receivable .....	13,145,035	902,621	12,242,414	12,923,066
25. Aggregate write-ins for other than invested assets .....	305,632	305,632	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	225,059,186	1,252,815	223,806,371	209,792,661
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
28. Total (Lines 26 and 27) .....	225,059,186	1,252,815	223,806,371	209,792,661
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....	0	0	0	0
2501. Prepaid Expenses .....	237,612	237,612	0	
2502. Unapplied Deposits .....	68,020	68,020	0	
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	305,632	305,632	0	0

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 1,728,005 reinsurance ceded)	55,758,583		55,758,583	51,165,304
2. Accrued medical incentive pool and bonus amounts	440,753		440,753	206,369
3. Unpaid claims adjustment expenses	894,356		894,356	1,049,752
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act	224,079		224,079	20,801,068
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves	444,325		444,325	499,871
8. Premiums received in advance	20,674,642		20,674,642	20,076,428
9. General expenses due or accrued	1,299,222		1,299,222	2,583,263
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	3,930,965		3,930,965	0
10.2 Net deferred tax liability	0		0	0
11. Ceded reinsurance premiums payable	1,987,004		1,987,004	3,598,422
12. Amounts withheld or retained for the account of others	0		0	9
13. Remittance and items not allocated	14,964		14,964	98,508
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	0		0	60,913
16. Derivatives			0	0
17. Payable for securities	0		0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$ 0 unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	969,740		969,740	457,974
23. Aggregate write-ins for other liabilities (including \$ current)	10,567	0	10,567	1,150
24. Total liabilities (Lines 1 to 23)	86,649,200	0	86,649,200	100,599,029
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	5,862,835	5,862,835
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	12,000,000	12,000,000
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	119,294,336	91,330,797
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$ )	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$ )	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	137,157,171	109,193,632
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	223,806,371	209,792,661
<b>DETAILS OF WRITE-INS</b>				
2301. Unclaimed Property	10,567		10,567	1,150
2302.				
2303.				
2308. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2309. Totals (Lines 2301 thru 2303 plus 2308)(Line 23 above)	10,567	0	10,567	1,150
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	861,476	848,964
2. Net premium income ( including \$ ..... non-health premium income) .....	XXX	459,539,159	413,246,570
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	239,989	(331,736)
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX	0	0
5. Risk revenue .....	XXX	0	0
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	459,779,148	412,914,834
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		353,486,171	333,975,099
10. Other professional services .....		3,435,226	1,966,926
11. Outside referrals .....		0	0
12. Emergency room and out-of-area .....		0	0
13. Prescription drugs .....		57,371,608	53,958,373
14. Aggregate write-ins for other hospital and medical .....	0	0	110,386
15. Incentive pool, withhold adjustments, and bonus amounts .....		742,033	460,997
16. Subtotal (Lines 9 to 15) .....	0	415,035,038	390,471,781
<b>Less:</b>			
17. Net reinsurance recoveries .....		20,374,046	36,909,391
18. Total hospital and medical (Lines 16 minus 17) .....	0	394,660,992	353,562,390
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$ ..... 9,014,180 cost containment expenses .....		13,044,430	19,189,611
21. General administrative expenses .....		40,357,827	40,400,932
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....		(20,337,000)	20,337,000
23. Total underwriting deductions (Lines 18 through 22) .....	0	427,726,249	433,489,933
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	32,052,899	(20,575,099)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		5,651,465	6,272,060
26. Net realized capital gains (losses) less capital gains tax of \$ ..... 337,290 .....		682,792	918,252
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	6,334,257	7,190,312
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			
29. Aggregate write-ins for other income or expenses .....	0	(8,977)	3,656
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	38,378,179	(13,381,131)
31. Federal and foreign income taxes incurred .....	XXX	5,251,674	1,547,261
32. Net income (loss) (Lines 30 minus 31) .....	XXX	33,126,505	(14,928,392)
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above) .....	XXX	0	0
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above) .....	XXX	0	0
1401. Medical Costs - Other Misc Expenses .....			110,386
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above) .....	0	0	110,386
2901. Other Expense .....		(8,977)	0
2902. Other Revenue .....	0	0	3,656
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above) .....	0	(8,977)	3,656

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year.....	109,193,632	117,686,159
34. Net income or (loss) from Line 32.....	33,126,505	(14,928,392)
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.....		
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	(4,807,370)	4,416,165
39. Change in nonadmitted assets.....	(355,596)	2,019,701
40. Change in unauthorized reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in.....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....	0	0
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	27,963,539	(8,492,526)
49. Capital and surplus end of reporting period (Line 33 plus 48)	137,157,171	109,193,632
<b>DETAILS OF WRITE-INS</b>		
4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	458,451,039	415,588,489
2. Net investment income .....	6,546,423	7,242,930
3. Miscellaneous income .....	0	0
4. Total (Lines 1 through 3) .....	464,997,462	422,831,418
5. Benefit and loss related payments .....	388,385,729	348,592,427
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	54,666,695	55,810,303
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$ ..... 337,290 tax on capital gains (losses) .....	1,215,960	2,686,856
10. Total (Lines 5 through 9) .....	444,268,384	407,089,586
11. Net cash from operations (Line 4 minus Line 10) .....	20,729,078	15,741,832
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	39,122,390	42,710,799
12.2 Stocks .....	420,464,974	423,121,884
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	459,587,364	465,832,683
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	37,913,536	35,541,452
13.2 Stocks .....	422,668,821	452,991,781
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	460,582,357	488,533,233
14. Net increase (decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(994,993)	(22,700,550)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied) .....	(11,510,929)	(123,911)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(11,510,929)	(123,911)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	8,223,156	(7,082,629)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	(4,468,827)	2,613,801
19.2 End of year (Line 18 plus Line 19.1) .....	3,754,329	(4,468,827)

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

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ANNUAL STATEMENT FOR THE YEAR 2011 OF THE UnitedHealthcare of New England, Inc.

**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 Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	459,539,159	16,900,067					199,747,946	242,891,146		
2. Change in unearned premium reserves and reserve for rate credit	239,989	7,721					232,268			
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	459,779,148	16,907,788	0	0	0	0	199,980,214	242,891,146	0	0
8. Hospital/medical benefits	353,486,171	25,589,715					157,045,086	170,851,370		XXX
9. Other professional services	3,435,226	2,197,616					1,237,610			XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	0									XXX
12. Prescription drugs	57,371,608	4,392,113					12,578,521	40,400,974		XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	742,033	483,308					161,225	97,500		XXX
15. Subtotal (Lines 8 to 14)	415,035,038	32,662,752	0	0	0	0	171,022,442	211,349,844	0	XXX
16. Net reinsurance recoveries	20,374,046	19,512,042					288	861,716		XXX
17. Total medical and hospital (Lines 15 minus 16)	394,660,992	13,150,710	0	0	0	0	171,022,154	210,488,128	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 9,014,180 cost containment expenses	13,044,430	903,142					5,647,058	6,494,230		
20. General administrative expenses	40,357,827	1,748,166					18,306,585	20,303,076		
21. Increase in reserves for accident and health contracts	(20,337,000)	(601,000)						(19,736,000)		XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	427,726,249	15,201,018	0	0	0	0	194,975,797	217,549,434	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	32,052,899	1,706,770	0	0	0	0	5,004,417	25,341,712	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE UnitedHealthcare of New England, Inc.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS**

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....	42,552,260		25,652,193	16,900,067
2. Medicare Supplement .....				0
3. Dental only .....				0
4. Vision only .....				0
5. Federal Employees Health Benefits Plan .....	0			0
6. Title XVIII - Medicare .....	199,937,490		189,544	199,747,946
7. Title XIX - Medicaid .....	243,455,404		564,258	242,891,146
8. Other health .....				0
9. Health subtotal (Lines 1 through 8) .....	485,945,154	0	26,405,995	459,539,159
10. Life .....	0			0
11. Property/casualty .....	0			0
12. Totals (Lines 9 to 11)	485,945,154	0	26,405,995	459,539,159

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE UnitedHealthcare of New England, Inc.

**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	411,811,045	36,619,500					169,773,781	205,417,764		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	23,649,512	23,575,127						74,385		
1.4 Net	388,161,533	13,044,373	0	0	0	0	169,773,781	205,343,379	0	0
2. Paid medical incentive pools and bonuses	224,196	184,543					39,652	1		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	57,486,587	2,474,825	0	0	0	0	24,818,170	30,193,592	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	1,728,005	1,420,351	0	0	0	0	0	307,654	0	0
3.4 Net	55,758,582	1,054,474	0	0	0	0	24,818,170	29,885,938	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	500,062	92,895					180,220	226,947		
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	55,737	55,737								
4.4 Net	444,325	37,158	0	0	0	0	180,220	226,947	0	0
5. Accrued medical incentive pools and bonuses, current year	440,753	15,311					327,943	97,499		
6. Net healthcare receivables (a)	(540,509)	(9,250)					415,431	(946,690)		
7. Amounts recoverable from reinsurers December 31, current year	2,138,175	1,422,688						715,487		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	55,434,871	6,832,931	0	0	0	0	23,336,893	25,265,047	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	4,269,567	4,033,756	0	0	0	0	0	235,811	0	0
8.4 Net	51,165,304	2,799,175	0	0	0	0	23,336,893	25,029,236	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	610,327	184,093					158,631	267,603		
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	110,456	110,456								
9.4 Net	499,871	73,637	0	0	0	0	158,631	267,603	0	0
10. Accrued medical incentive pools and bonuses, prior year	206,368						206,369	(1)		
11. Amounts recoverable from reinsurers December 31, prior year	3,100,813	3,100,813								
12. Incurred Benefits:										
12.1 Direct	414,293,005	32,179,446	0	0	0	0	170,861,216	211,252,343	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	20,090,593	19,228,878	0	0	0	0	0	861,715	0	0
12.4 Net	394,202,412	12,950,568	0	0	0	0	170,861,216	210,390,628	0	0
13. Incurred medical incentive pools and bonuses	458,581	199,854	0	0	0	0	161,226	97,501	0	0

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

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	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. Reported in Process of Adjustment:										
1.1 Direct .....	23,785,415	460,550					6,554,983	16,769,882		
1.2 Reinsurance assumed .....	0									
1.3 Reinsurance ceded .....	435,194	264,319						170,875		
1.4 Net .....	23,350,221	196,231	0	0	0	0	6,554,983	16,599,007	0	0
2. Incurred but Unreported:										
2.1 Direct .....	33,701,172	2,014,275					18,263,187	13,423,710		
2.2 Reinsurance assumed .....	0									
2.3 Reinsurance ceded .....	1,292,811	1,156,032						136,779		
2.4 Net .....	32,408,361	858,243	0	0	0	0	18,263,187	13,286,931	0	0
3. Amounts Withheld from Paid Claims and Capitulations:										
3.1 Direct .....	0									
3.2 Reinsurance assumed .....	0									
3.3 Reinsurance ceded .....	0									
3.4 Net .....	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct .....	57,486,587	2,474,825	0	0	0	0	24,818,170	30,193,592	0	0
4.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded .....	1,728,005	1,420,351	0	0	0	0	0	307,654	0	0
4.4 Net .....	55,758,582	1,054,474	0	0	0	0	24,818,170	29,885,938	0	0

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	2,024,031	12,698,468	137,079	954,553	2,161,110	2,872,814
2. Medicare Supplement .....					0	0
3. Dental Only .....					0	0
4. Vision Only .....					0	0
5. Federal Employees Health Benefits Plan .....					0	0
6. Title XVIII - Medicare .....	16,838,706	152,935,075	321,858	24,676,533	17,160,564	23,495,523
7. Title XIX - Medicaid .....	14,460,042	190,167,849	2,432,298	27,680,586	16,892,340	25,296,838
8. Other health .....					0	0
9. Health subtotal (Lines 1 to 8) .....	33,322,779	355,801,392	2,891,235	53,311,672	36,214,014	51,665,175
10. Healthcare receivables (a) .....	8,276,822	4,673,044		195,169	8,276,822	13,685,544
11. Other non-health .....					0	0
12. Medical incentive pools and bonus amounts .....	46,677	177,519	150,697	290,055	197,374	206,368
13. Totals (Lines 9 - 10 + 11 + 12)	25,092,634	351,305,867	3,041,932	53,406,558	28,134,566	38,185,999

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

## UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)**

**Section A - Paid Health Claims - Comprehensive (Hospital & Medical)**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	7,406	7,494	7,494	7,474	7,468
2.	2007 .....	61,414	67,786	67,608	67,610	67,610
3.	2008 .....	XXX	50,875	54,613	54,655	54,653
4.	2009 .....	XXX	XXX	35,474	42,057	42,062
5.	2010 .....	XXX	XXX	XXX	18,980	18,256
6.	2011 .....	XXX	XXX	XXX	XXX	13,955

**Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	7,807	7,494	7,494	7,474	7,468
2.	2007 .....	69,229	68,012	67,608	67,610	67,610
3.	2008 .....	XXX	57,293	54,977	54,655	54,653
4.	2009 .....	XXX	XXX	38,796	42,164	42,062
5.	2010 .....	XXX	XXX	XXX	21,745	18,398
6.	2011 .....	XXX	XXX	XXX	XXX	14,920

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007 .....	87,684	67,610	153	0.2	67,763	77.3			67,763	77.3
2. 2008 .....	71,953	54,653	124	0.2	54,777	76.1			54,777	76.1
3. 2009 .....	47,599	42,062	242	0.6	42,304	88.9			42,304	88.9
4. 2010 .....	30,079	18,256	775	4.2	19,031	63.3	142		19,173	63.7
5. 2011 .....	42,560	13,955	927	6.6	14,882	35.0	965	62	15,909	37.4

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

#### Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	19,231	19,640	19,640	19,637	19,615
2.	2007 .....	136,480	154,373	152,884	152,763	152,710
3.	2008 .....	XXX	140,513	157,623	157,155	157,113
4.	2009 .....	XXX	XXX	144,271	159,988	159,921
5.	2010 .....	XXX	XXX	XXX	137,120	154,181
6.	2011 .....	XXX	XXX	XXX	XXX	152,935

#### Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	19,240	19,640	19,640	19,637	19,615
2.	2007 .....	158,414	155,085	152,884	152,763	152,710
3.	2008 .....	XXX	160,710	158,074	157,155	157,113
4.	2009 .....	XXX	XXX	166,149	160,556	159,921
5.	2010 .....	XXX	XXX	XXX	160,253	154,649
6.	2011 .....	XXX	XXX	XXX	XXX	177,794

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007 .....	202,306	152,710	289	0.2	152,999	75.6			152,999	75.6
2. 2008 .....	198,683	157,113	298	0.2	157,411	79.2			157,411	79.2
3. 2009 .....	194,438	159,921	659	0.4	160,580	82.6			160,580	82.6
4. 2010 .....	187,372	154,181	2,039	1.3	156,220	83.4	468		156,688	83.6
5. 2011 .....	200,170	152,935	5,726	3.7	158,661	79.3	24,859	387	183,907	91.9

## UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)**

**Section A - Paid Health Claims - Title XIX**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	7,953	7,977	7,977	7,965	7,955
2.	2007 .....	63,734	72,049	71,959	71,922	71,904
3.	2008 .....	XXX	86,106	97,769	97,636	97,480
4.	2009 .....	XXX	XXX	140,112	151,771	151,724
5.	2010 .....	XXX	XXX	XXX	161,550	176,241
6.	2011 .....	XXX	XXX	XXX	XXX	190,883

**Section B - Incurred Health Claims - Title XIX**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	9,786	7,977	7,977	7,965	7,955
2.	2007 .....	72,769	72,624	71,959	71,922	71,904
3.	2008 .....	XXX	102,413	97,984	97,636	97,480
4.	2009 .....	XXX	XXX	160,993	152,129	151,724
5.	2010 .....	XXX	XXX	XXX	186,489	178,673
6.	2011 .....	XXX	XXX	XXX	XXX	218,661

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007 .....	84,951	71,904	729	1.0	72,633	85.5			72,633	85.5
2. 2008 .....	110,865	97,480	989	1.0	98,469	88.8			98,469	88.8
3. 2009 .....	159,725	151,724	2,943	1.9	154,667	96.8			154,667	96.8
4. 2010 .....	195,796	176,241	8,663	4.9	184,904	94.4	2,432		187,336	95.7
5. 2011 .....	243,455	190,883	6,547	3.4	197,430	81.1	27,778	445	225,653	92.7

## UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
(000 Omitted)

**Section A - Paid Health Claims - Grand Total**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	34,590	35,111	35,111	35,076	35,038
2.	2007 .....	261,628	294,208	292,451	292,295	292,224
3.	2008 .....	XXX	277,494	310,005	309,446	309,246
4.	2009 .....	XXX	XXX	319,857	353,816	353,707
5.	2010 .....	XXX	XXX	XXX	317,650	348,678
6.	2011 .....	XXX	XXX	XXX	XXX	357,773

**Section B - Incurred Health Claims - Grand Total**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	36,833	35,111	35,111	35,076	35,038
2.	2007 .....	300,412	295,721	292,451	292,295	292,224
3.	2008 .....	XXX	320,416	311,035	309,446	309,246
4.	2009 .....	XXX	XXX	365,938	354,849	353,707
5.	2010 .....	XXX	XXX	XXX	368,487	351,720
6.	2011 .....	XXX	XXX	XXX	XXX	411,375

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007 .....	374,941	292,224	1,171	0.4	293,395	78.3	0	0	293,395	78.3
2. 2008 .....	381,501	309,246	1,411	0.5	310,657	81.4	0	0	310,657	81.4
3. 2009 .....	401,762	353,707	3,844	1.1	357,551	89.0	0	0	357,551	89.0
4. 2010 .....	413,247	348,678	11,477	3.3	360,155	87.2	3,042	0	363,197	87.9
5. 2011 .....	486,185	357,773	13,200	3.7	370,973	76.3	53,602	894	425,469	87.5

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**UNDERWRITING AND INVESTMENT EXHIBIT**

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	2,763	2,763							
2. Additional policy reserves (a) .....	0								
3. Reserve for future contingent benefits .....	0								
4. Reserve for rate credits or experience rating refunds (including \$ ..... ) for investment income .....	221,316							221,316	
5. Aggregate write-ins for other policy reserves .....	0	0	0	0	0	0	0	0	0
6. Totals (gross) .....	224,079	2,763	0	0	0	0	0	221,316	0
7. Reinsurance ceded .....	0								
8. Totals (Net)(Page 3, Line 4) .....	224,079	2,763	0	0	0	0	0	221,316	0
9. Present value of amounts not yet due on claims .....	0								
10. Reserve for future contingent benefits .....	500,062	92,895					180,220	226,947	
11. Aggregate write-ins for other claim reserves .....	0	0	0	0	0	0	0	0	0
12. Totals (gross) .....	500,062	92,895	0	0	0	0	180,220	226,947	0
13. Reinsurance ceded .....	55,737	55,737							
14. Totals (Net)(Page 3, Line 7) .....	444,325	37,158	0	0	0	0	180,220	226,947	0
DETAILS OF WRITE-INS									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....	0	0	0	0	0	0	0	0	0
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above) .....	0	0	0	0	0	0	0	0	0

(a) Includes \$ .....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) .....	272,279	121,736	1,023,359	0	1,417,374
2. Salary, wages and other benefits .....	5,072,778	2,268,045	19,066,010	0	26,406,833
3. Commissions (less \$ .....0 ceded plus \$ .....0 assumed) .....	0	0	2,025,988	0	2,025,988
4. Legal fees and expenses .....	82,455	36,866	309,908	0	429,229
5. Certifications and accreditation fees .....	0	0	0	0	0
6. Auditing, actuarial and other consulting services .....	543,605	243,046	2,230,142	0	3,016,793
7. Traveling expenses .....	181,942	81,346	683,827	0	947,115
8. Marketing and advertising .....	430,367	192,418	1,617,532	0	2,240,317
9. Postage, express and telephone .....	387,468	173,237	1,456,295	0	2,017,000
10. Printing and office supplies .....	124,944	55,863	469,602	0	650,409
11. Occupancy, depreciation and amortization .....	73,715	32,958	277,058	0	383,731
12. Equipment .....	16,330	7,301	61,377	0	85,008
13. Cost or depreciation of EDP equipment and software .....	728,550	325,736	2,738,252	0	3,792,538
14. Outsourced services including EDP, claims, and other services .....	653,809	292,319	2,126,385	0	3,072,513
15. Boards, bureaus and association fees .....	12,760	5,705	47,957	0	66,422
16. Insurance, except on real estate .....	161,910	72,390	1,316,220	0	1,550,520
17. Collection and bank service charges .....	43,211	19,320	186,888	0	249,419
18. Group service and administration fees .....	20,973	9,377	78,758	0	109,108
19. Reimbursements by uninsured plans .....	0	0	0	0	0
20. Reimbursements from fiscal intermediaries .....	0	0	0	0	0
21. Real estate expenses .....	0	0	0	0	0
22. Real estate taxes .....	15,499	6,930	103,197	0	125,626
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....	0	0	32,716	0	32,716
23.2 State premium taxes .....	0	0	5,558,902	0	5,558,902
23.3 Regulatory authority licenses and fees .....	0	0	(28,747)	0	(28,747)
23.4 Payroll taxes .....	0	0	1,358,127	0	1,358,127
23.5 Other (excluding federal income and real estate taxes) .....	29,447	13,165	110,675	0	153,287
24. Investment expenses not included elsewhere .....	0	0	0	109,600	109,600
25. Aggregate write-ins for expenses .....	162,138	72,492	(2,492,601)	0	(2,257,971)
26. Total expenses incurred (Lines 1 to 25) .....	9,014,180	4,030,250	40,357,827	109,600	(a) 53,511,857
27. Less expenses unpaid December 31, current year .....	618,033	276,323	1,299,222		2,193,578
28. Add expenses unpaid December 31, prior year .....		1,049,752	2,583,263		3,633,015
29. Amounts receivable relating to uninsured plans, prior year .....					0
30. Amounts receivable relating to uninsured plans, current year .....			896,458		896,458
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	8,396,147	4,803,679	42,538,326	109,600	55,847,752
<b>DETAILS OF WRITE-INS</b>					
2501. 25.01 Information Technology .....	34,779	15,550	130,717	0	181,046
2502. 25.02 Interest .....	100,539	44,951	438,597	0	584,087
2503. 25.03 Managed Care & Network Access .....	0	0	217,558	0	217,558
2598. Summary of remaining write-ins for Line 25 from overflow page .....	26,820	11,991	(3,279,473)	0	(3,240,662)
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	162,138	72,492	(2,492,601)	0	(2,257,971)

(a) Includes management fees of \$ .....43,175,300 to affiliates and \$ ..... to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds	(a) 289,690	316,278
1.1 Bonds exempt from U.S. tax		
1.2 Other bonds (unaffiliated)	(a) 5,435,096	5,366,354
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) 78,433	78,433
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	5,803,219	5,761,065
11. Investment expenses		(g) 109,600
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		109,600
17. Net investment income (Line 10 minus Line 16)		5,651,465
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 204,923 accrual of discount less \$ 1,030,832 amortization of premium and less \$ 120,801 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ 0 amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	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	512,001	0	512,001	0	0
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	508,081	0	508,081	0	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	1,020,082	0	1,020,082	0	0
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

**EXHIBIT OF NON-ADMITTED ASSETS**

	1	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) .....	0		0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			0
2.2 Common stocks .....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			0
3.2 Other than first liens .....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			0
4.2 Properties held for the production of income .....			0
4.3 Properties held for sale .....			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) .....			0
6. Contract loans .....			0
7. Derivatives (Schedule DB) .....			0
8. Other invested assets (Schedule BA) .....			0
9. Receivables for securities .....			0
10. Securities lending reinvested collateral assets (Schedule DL) .....			0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13. Title plants (for Title insurers only) .....			0
14. Investment income due and accrued .....	0		0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	33,870	133,761	99,891
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			0
15.3 Accrued retrospective premiums .....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			0
16.2 Funds held by or deposited with reinsured companies .....			0
16.3 Other amounts receivable under reinsurance contracts .....			0
17. Amounts receivable relating to uninsured plans .....	10,692		(10,692)
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0
18.2 Net deferred tax asset .....			0
19. Guaranty funds receivable or on deposit .....			0
20. Electronic data processing equipment and software .....			0
21. Furniture and equipment, including health care delivery assets .....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0
23. Receivable from parent, subsidiaries and affiliates .....			0
24. Health care and other amounts receivable .....	902,621	762,478	(140,143)
25. Aggregate write-ins for other than invested assets .....	305,632	980	(304,652)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,252,815	897,219	(355,596)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0
28. Total (Lines 26 and 27) .....	1,252,815	897,219	(355,596)
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....	0	0	0
2501. Prepaid expenses .....	237,612	980	(236,632)
2502. Unapplied deposits .....	68,020		(68,020)
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	305,632	980	(304,652)

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....	77,245	73,408	72,484	71,363	70,651	861,476
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....						
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total	77,245	73,408	72,484	71,363	70,651	861,476
<b>DETAILS OF WRITE-INS</b>						
0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

**NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(in thousands)**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operation** — UnitedHealthcare of New England, Inc. (the “Company”), licensed as a health maintenance organization (HMO), offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company is a wholly owned subsidiary of UnitedHealthCare Services, Inc. (UHS), an HMO management corporation that provides services to the Company under the terms of a management agreement (see Note 10). UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated (“UnitedHealth Group”). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange.

The Company was incorporated on November 14, 1984, and in December 1984, received its certificate of authority to operate as an HMO in the State of Rhode Island and portions of the Commonwealth of Massachusetts. The Company has entered into contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees.

The Company serves as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug insurance coverage (Medicare Part D program) under a contract with the Centers for Medicare and Medicaid Services (CMS). Under the Medicare Part D program, there are seven separate elements of payment received by the Company during the plan year; these payment elements are CMS premium, member premium, CMS low-income premium subsidy, CMS catastrophic reinsurance subsidy, CMS low-income member cost-sharing subsidy, CMS risk share and effective January 1, 2011, the CMS coverage gap discount program.

The Company offers the Evercare product in the State of Rhode Island. Evercare offers complete, individualized care planning and care benefits for aging, disabled, and chronically ill individuals. Evercare offers these long-term care services in nursing homes, community-based settings, and private homes.

The Company has a contract with the State of Rhode Island and Providence Plantation, Department of Human Services, to provide health care services to Medicaid eligible beneficiaries in Rhode Island. The current contract is effective through June 30, 2014, with three one year renewal option periods.

**Basis of Presentation** — The Company prepares its statutory financial statements on the basis of accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division (the “Division”). These statutory practices differ from accounting principles generally accepted in the United States of America (GAAP).

The more significant differences are as follows:

- Cash, cash equivalents, and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash, cash equivalents, and short-term investments includes cash balances and investments that will mature in one year or less from the balance sheet date;
- Outstanding checks are required to be netted against cash balances or presented as cash overdrafts if in excess of cash balances in the statutory basis statements of admitted assets, liabilities, and capital and surplus as opposed to being presented as other liabilities under GAAP;
- Certain debt investments categorized as held to maturity under GAAP are shown at amortized cost, whereas in the statutory basis financial statements, these investments are presented at either the lower of amortized cost or fair value in accordance with the National Association of Insurance Commissioners’ (NAIC) designations;

- Investments in common stocks, which consist of the Company's share of an investment pool sponsored and administered by UHS for the benefit of UHS-owned health plans, are valued as prescribed by the Securities Valuation Office of the NAIC (SVO) or an external pricing service if NAIC values are not available in the statutory basis statements of admitted assets, liabilities, and capital and surplus, while under GAAP, common stocks are reported at fair value;
- Certain assets, including certain aged premium and health care receivables, amounts receivable for uninsured plans, and prepaid expenses, are considered nonadmitted assets for statutory purposes and are excluded from the statutory basis statements of admitted assets, liabilities, and capital and surplus;
- Under statutory accounting, the change to deferred tax assets and liabilities is recorded directly to unassigned surplus and deferred tax assets are subject to limitations regarding the realization and admissibility of the assets in the statutory basis financial statements, whereas under GAAP, the change in deferred tax assets and liabilities is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets. Based on the admissibility criteria under statutory accounting, any deferred tax assets determined to be nonadmitted are charged directly to surplus and excluded from the statutory basis financial statements, whereas under GAAP, such assets are included in the balance sheets;
- Assets not specifically identified as an admitted asset by the NAIC are designated as nonadmitted under statutory accounting. Nonadmitted assets are excluded from the statutory basis financial statements and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet;
- The reserves ceded to reinsurers for claims unpaid and aggregate health claim reserves have been reported as reductions of the related reserves rather than as assets, which would be required under GAAP;
- The unexpired portion of accident and health insurance premiums is recorded as unearned premium; the corresponding change in unearned premium from year to year is reflected as a change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations. Under GAAP, the change in unearned premium from year to year is reported through premium income;
- Comprehensive income and its components are not presented in the statutory basis financial statements;
- Cash, cash equivalents, and short-term investments in the statutory basis statements of cash flows represent cash balances and investments with original maturities of one year or less from the time of acquisition. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and cash equivalents with maturities of three months or less. The statutory basis statements of cash flows are prepared in accordance with the NAIC Annual Statement Instructions.

The Division recognizes only statutory accounting practices prescribed or permitted by the State of Rhode Island for determining and reporting the financial condition and results of operations of an HMO and for determining its solvency under Rhode Island insurance law. The NAIC *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted with modifications as a component of prescribed or permitted practices by the State of Rhode Island. No significant differences exist between prescribed or permitted practices by the State of Rhode Island and NAIC SAP which materially affect the statutory basis net income (loss), capital and surplus, and total admitted assets, as illustrated in the table below.

	2011	2010
Net income (loss) — Rhode Island basis	\$ 33,127	\$ (14,928)
Net income (loss) — NAIC SAP	<u>\$ 33,127</u>	<u>\$ (14,928)</u>
Capital and surplus — Rhode Island basis	\$ 137,157	\$ 109,194
Capital and surplus — NAIC SAP	<u>\$ 137,157</u>	<u>\$ 109,194</u>
Total admitted assets — Rhode Island basis	\$ 223,806	\$ 209,793
Total admitted assets — NAIC SAP	<u>\$ 223,806</u>	<u>\$ 209,793</u>

**Use of Estimates** — The preparation of these statutory basis financial statements in conformity with the NAIC Annual Statement Instructions and the NAIC SAP include certain amounts that are based on the Company’s estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to hospital and medical benefits, claims unpaid, and aggregate health policy reserves and aggregate health claim reserves (collectively known as “aggregate health reserves”). The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of net income (loss) in the period in which the estimate is adjusted.

**Cash and Invested Assets** —

- Cash and cash equivalents represent cash held by the Company in disbursement accounts, treasury bills, and commercial paper. Claims and other payments are made from the disbursement accounts daily. Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments.
- Short-term investments represent money market instruments with a maturity of greater than three months but less than one year at the time of purchase.
- Bonds include corporate bonds, government and state and state agency obligations and municipal securities with a maturity of greater than one year at the time of purchase.
- Bonds and short-term investments are stated at amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. Amortization of bond premium or discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the SVO in accordance with the NAIC Valuations of Securities manual prepared by the SVO or an external pricing service.
- Corporate bonds and government obligations include mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors. The Company’s investment policy limits investments in non-agency residential mortgage-backed securities, including home equity and sub-prime mortgages, to 10% of total cash and invested assets and total investments in mortgage-backed securities to 30% of total cash and invested assets.

- Common stocks consist of the Company's share of an investment pool. The investment pool consists principally of investments with original maturities of less than one year, with the average life of the individual investments being less than 60 days. The Company's share of the pool represents an undivided ownership interest in the pool and is immediately convertible to cash at no cost or penalty. The participants within the pool have an individual fund number to track those investments owned by the Company. In addition, the Company has executed a custodial agreement whereby the Company's share in the investment pool is segregated and separately maintained. The pool is primarily invested in government obligations, commercial paper, certificates of deposit, and short-term agency notes and is recorded at cost or amortized cost. Interest income from the pool accrues daily to participating members based upon ownership percentage.

Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. These gains and losses are reported as net realized capital gains less capital gains tax in the statutory basis statements of operations.

The Company continually monitors the difference between amortized cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the Company has determined is other-than-temporary, the Company records a realized loss in net realized capital gains less capital gains tax in the statutory basis statements of operations as the Company has made the determination to sell the security. The new cost basis is not changed for subsequent recoveries in fair value. The prospective adjustment method is utilized for mortgage-backed securities for periods subsequent to the loss recognition. The Company has not recorded any other-than-temporary impairments for the years ended December 31, 2011 and 2010.

**Investment Income Due and Accrued** — Investment income earned and due as of the reporting date in addition to investment income earned but not paid or collected until subsequent periods are reported as investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company evaluates the collectability of the amounts due and amounts determined to be uncollectible are written off in the period in which the determination is made.

**Net Investment Income Earned** — Net investment income earned includes investment income collected during the period, as well as the change in investment income due and accrued on the Company's holdings. Amortization of premium or discount on bonds and certain external investment management costs are also included in net investment income earned (see Note 7).

**Receivables from Parent, Subsidiaries, and Affiliates and Amounts Due to Parent, Subsidiaries, and Affiliates** — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts due or owed as receivables from parent, subsidiaries, and affiliates and amounts due to parent, subsidiaries, and affiliates, respectively, in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

**Hospital and Medical Expenses, Claims Unpaid, and Aggregate Health Reserves** — Hospital and medical expenses and corresponding liabilities include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and for liabilities for physician, hospital, and other medical costs disputes.

The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates liabilities for physician, hospital and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. The estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2011 and 2010. Management believes the amount of claims unpaid and aggregate health reserves is adequate to cover the Company's liability for unpaid claims and aggregate health reserves as of December 31, 2011; however, actual payments may differ from those established estimates. Adjustments

to claims unpaid estimates and aggregate health reserves are reflected in operating results in the period in which the change in estimate is identified.

The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide medical care services to enrollees. Some of these contracts are with related parties (see Note 10). Capitated providers are at risk for the cost of medical care services provided to the Company's enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.

**Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans** — Receivables and liabilities for amounts held under uninsured plans represent the cost reimbursement under the Medicare Part D program for the catastrophic reinsurance subsidy and the low-income member cost-sharing subsidy. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Amounts received for these subsidies are received monthly and are not reflected as net premium income, but rather are accounted for as deposits. Beginning in 2011, the Patient Protection and Affordable Care Act and its related reconciliation act (Health Reform Legislation) mandates consumer discounts of 50% on brand name prescription drugs for Part D plan participants in the coverage gap (Coverage Gap Discount Program or CGDP). These discounts are pre-funded by CMS, and ultimately reimbursed by pharmaceutical manufacturers, and the Company solely administers the application of these funds and has no insurance risk. If the Company incurs costs either in excess of or less than these subsidies, a corresponding receivable or payable is recorded in amounts receivable relating to uninsured plans or liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within cash provided by operations in the statutory basis statements of cash flows.

**Net Deferred Tax Asset and Federal Income Taxes Incurred** — Statutory accounting requires an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax bases of assets and liabilities, subject to a valuation allowance and admissibility limitations on deferred tax assets (see Note 9). The provision for federal income taxes incurred is calculated based on applying the statutory federal income tax rate of 35% to net income (loss) before federal income taxes plus capital gains tax subject to certain adjustments (see Note 9).

**Claims Adjustment Expenses** — Claims adjustment expenses (CAE) are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. A detailed review of UHS' and the Company's administrative expenses is performed to determine the allocation between CAE and general administrative expenses. It is the responsibility of UHS to pay CAE in the event the Company ceases operations. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims, which is included in unpaid claims adjustment expenses in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Management believes the amount of the liability for unpaid claims adjustment expenses as of December 31, 2011 and 2010 is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid claims adjustment expenses are reflected in operating results in the period in which the change in estimate is identified.

**Remittances and Items Not Allocated** — Remittances and items not allocated generally represent monies received from policyholders for monthly premium billings that have not been entered into the billing system. The majority is from monies received in the lockbox account on the last day of the year.

**General Administrative Expenses** — Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. Costs for items not included within the scope of the management agreement are directly expensed as incurred. State income taxes are also a component of general administrative expenses. A detailed review of UHS' and the Company's administrative expenses is performed to determine the allocation between claims adjustment expenses and general administrative expenses to be reported in the statutory basis statements of operations.

**Revenues** — Revenues consist of commercial net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums. Effective in 2011, commercial health plans with medical loss ratios on fully insured products, as calculated under the definitions in the Patient Protection and Affordable Care Act and its related reconciliation act (Health Reform Legislation) (see Note 14) and implementing regulations, that fall below certain targets are required to rebate ratable portions of premiums annually. The Company classifies its estimated rebates as change in unearned premium reserves and reserves for rate credits in the accompanying statutory basis statements of operations. Premiums received in full during the current period which are not due until future periods are recorded as premiums received in advance in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Unearned premiums are established for the portion of premiums received during the current period that are partially unearned at the end of the period and are included in aggregate health policy reserves in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

Net premium income includes the Medicare Advantage CMS premium, and the premium under the Medicare Part D program, which includes, CMS premium, member premium, and low-income premium subsidy for the Company's insurance risk coverage. Net premium income is recognized ratably over the period in which eligible individuals are entitled to receive health care services and prescription drug benefits. The Company estimates retrospective premiums adjustments based on guidelines determined by CMS (see Note 24).

CMS deploys a risk adjustment model that apportions premiums paid to all health plans according to health severity and certain demographic factors. The CMS risk adjustment model pays more for members whose medical history indicates they have certain medical conditions. Under this risk adjustment methodology, CMS calculates the risk adjusted premium payment using diagnosis data from hospital inpatient, hospital outpatient and physician treatment settings. The Company and health care providers collect, capture, and submit the necessary and available diagnosis data to CMS within prescribed deadlines. The Company estimates risk adjustment revenues based upon the diagnosis data submitted and expected to be submitted to CMS which result in changes to its Medicare revenues. The Company recognizes such changes when the amounts become determinable and supportable and collectability is reasonably assured. The estimated risk-adjusted payments due to the Company at December 31, 2011 and 2010, were \$2,592 and \$2,125, respectively, and are recorded as uncollected premiums in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company recognized \$481 and \$352 for changes in prior year Medicare risk factor estimates during the years ended December 31, 2011 and 2010, respectively, which is recorded as a reduction to net premium income within the statutory basis statements of operations.

Net premium income also includes amounts paid by state and federal governments per member in exchange for the provision and administration of medical benefits under the Medicaid and Comprehensive Health Insurance Pool programs. Premiums are contractual and are recognized in the coverage period in which members are entitled to receive services, except in the case of maternity payments. Maternity income is billed on contractual rates and recognized as income as each birth case is identified by the Company. Included in net premium income are capitated payments, home nursing risk-sharing payments, high dollar risk pool payments, and maternity payments. The majority of net premium income recorded is based on capitated rates, which are monthly premiums paid for each member enrolled. Home nursing risk-sharing income is payable based upon the number of members that qualify for such reimbursement.

The Company reports uncollected premium balances from its insured members as uncollected premium balances on the statutory basis statements of admitted assets, liabilities and capital and surplus. Uncollected premium balances that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets. In addition to those balances, current balances are also considered nonadmitted if the corresponding balance greater than 90 days past due is deemed more than inconsequential.

**Reinsurance Ceded** — The Company has a reinsurance agreement through which 60% of earned commercial member premiums, hospital and medical benefits, and operating expenses are ceded to United Healthcare Insurance Company (UHIC), an affiliated entity. Additionally, the Company has an insolvency-only reinsurance agreement and a Medicaid stop-loss reinsurance agreement with UHIC (see Note 10). Reinsurance premiums paid and recoveries received are deducted from net premium income and total hospital and medical expenses, respectively, in the accompany statutory basis financial statements of revenue and expenses. Pursuant to the quota share agreement, the Company records amounts recoverable

from UHIC for claims paid and for general administrative expenses and claims adjustment expenses as reinsurance in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as a reduction to total hospital and medical, general administrative expenses, and claims adjustment expenses in the statutory basis statements of operations. Reinsurance premiums paid are deducted from net premium income in the accompanying statutory basis financial statements.

**Ceded Reinsurance Premiums Payable** — The Company is a party to a quota-share reinsurance agreement with UHIC, whereby 60% of the remaining premiums, incurred insurance benefits and related expenses, net of the unaffiliated arrangement, are ceded to UHIC on a funds withheld basis. The ceded reinsurance premiums payable balance represents amounts due to the reinsurer for coverage which will be paid based on the contract terms.

**Amounts Recoverable From Reinsurers** — The Company records amounts recoverable from reinsurers for state sponsored market stabilization pools and stop-loss as reinsurance in the statutory basis statements of admitted assets, liabilities, and capital and surplus and as net reinsurance recoveries in the statutory basis statements of operations.

**Incentive Pool** — The Company has agreements with certain independent physicians and physician network organizations that provide for the establishment of a fund into which the Company places monthly premiums payable for members assigned to the physician. The Company manages the disbursement of funds from this account as well as reviews the utilization of nonprimary care medical services of members assigned to the physicians. Any surpluses or deficits in the fund are shared by the Company and the physician based upon predetermined risk-sharing percentage and the liability or receivable is included in accrued medical incentive pool and bonus amounts or health care and other receivables in the statutory basis statements of admitted assets, liabilities, and capital and surplus, and the corresponding expense or reduction to expense is included in incentive pool, withhold adjustments, and bonus amounts in the statutory basis statements of operations.

**Medical Risk Share** — The Company has settlements with CMS based on whether the ultimate per member per month benefit costs of any Medicare Part D program regional plan varies more than 5% above or below the level estimated in the original bid submitted by the Company and approved by CMS in 2011 and 2010. The estimated risk share adjustment of \$332 and \$707 in 2011 and 2010, respectively, is recorded as a decrease to change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations and aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

**Reserve for Experience Rated Refunds** — A liability is established, net of ceded reinsurance, for estimated premium refunds on experience rated contracts based on actuarial methods and assumptions and minimum loss ratio requirements. The liability also includes the estimated rebate on the commercial health products for which the medical loss ratios on fully insured products, as calculated under the definitions in the Patient Protection and Affordable care Act and its related reconciliation act (Health Reform Legislation) (see Note 14) and implementing regulations, fall below certain targets. The Company is required to rebate the ratable portions of the premiums annually. Estimated accrued retrospective premiums due from the Company are recorded in aggregate health policy reserves on the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an increase to change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

**Health Care and Other Receivables** — Health care and other receivables consist of pharmacy rebate receivables estimated based on the most currently available data from the Company's claims processing systems and from data provided by the Company's unaffiliated pharmaceutical benefit manager and affiliated pharmaceutical benefit manager, OptumRx, Inc. ("OptumRx" - formerly known as Rx Solutions). Health care and other receivables also include a receivable from the State of Rhode Island for various mandated risk sharing arrangements for certain member groups. Health care and other receivables are considered nonadmitted assets for statutory purposes if they do not meet admissibility requirements. Accordingly, the Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 28).

**Premium Deficiency Reserves** — Premium deficiency reserves and the related expenses are recognized when it is probable that expected future health care expenses, CAE, direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts and are recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Indirect administration costs arise from activities that are not specifically identifiable to a specific group of existing contracts and therefore, those costs are fully allocated among the various contract groupings. The allocation of indirect administration costs to each contract grouping is made proportionately to the expected margins remaining in the premiums after future health care expenses, CAE and direct administration costs are considered. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected as an increase in reserves for accident and health contracts in the accompanying statutory basis statements of operations in the period in which the change in estimate is identified. The Company anticipates investment income as a factor in the premium deficiency calculation (see Note 30).

**Vulnerability Due to Certain Concentrations** — The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company's existing products in new markets and offerings of new products, both of which may restrict the Company's ability to expand its business.

Direct premium income from members and CMS related to Medicare Advantage and the Medicare Part D program as a percentage of direct premium income are 41% for the years ended December 31, 2011 and 2010.

Direct premium income from the State of Rhode Island, Division of Medical Assistance and Health Services as a percentage of direct premium income is 50% and 43% for the years ending December 31, 2011 and 2010, respectively.

**Restricted Cash Reserves** — The Company is exempt from the State of Rhode Island minimum regulatory deposit requirements. The Massachusetts Office of Consumer Affairs and Business Regulation Division of Insurance requires the Company to maintain a minimum regulatory deposit of \$1,000 for the years ended December 31, 2011 and 2010, and the Company is in compliance with this requirement. This restricted cash reserve consists principally of government obligations and are stated at amortized cost, which approximates fair value. This reserve is included in bonds in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on these reserves accrues to the Company.

**Minimum Capital and Surplus** — Under the laws of the State of Rhode Island, the Division requires the Company to maintain a minimum capital and surplus of \$2,500 or the minimum amount necessary to meet the risk-based capital (RBC) requirements. The minimum capital and surplus based on these requirements is \$42,447 and \$38,682, for December 31, 2011 and 2010, respectively. The Company has \$137,157 and \$109,194 in total statutory basis capital and surplus as of December 31, 2011 and 2010 respectively, which is in compliance with the required amount. Under the laws of the State of Massachusetts, the Massachusetts Office of Consumer Affairs and Business Regulation Division of Insurance requires the Company to maintain a minimum capital and surplus equal to \$1,000 or 2% of the first \$150,000 annual premium revenue and 1% of annual premium revenue in excess of \$150,000. The Company is in compliance with the required amount as of December 31, 2011 and 2010.

RBC is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The Division requires the Company to maintain minimum capital and surplus equal to the greater of the state statute as outlined above or 275% of authorized control level as calculated by the RBC model. The Company is in compliance with the required amount.

**Recently Issued Accounting Standards** — In December 2010, the NAIC adopted revisions to Statements of Statutory Accounting Principle (SSAP) No. 10R, *Income Taxes – Revised, A Temporary Replacement of SSAP No. 10* (SSAP No. 10R), which extended the effective date of the temporary replacement through the interim and annual financial statement periods of 2011. The revision to the temporary standard adds additional disclosures related to the impact of tax planning strategies and the nature of the net admitted deferred tax assets by percentage and tax character. These disclosures are incorporated in Note 9 – Income Taxes, as applicable.

In December 2010, the NAIC issued revisions to SSAP No. 100, *Fair Value Measurements* (SSAP No. 100). SSAP No. 100 established a framework for measuring fair value and establishes disclosure requirements about fair value. The original statement was early adopted for December 31, 2009, with interim and annual financial statement reporting thereafter. The 2010 revisions to SSAP No. 100 relate to the reporting and disclosure of investments measured and reported at fair value and are effective for December 31, 2010 annual financial statements. The Company adopted the revisions to SSAP No. 100 as of December 31, 2010, and the related disclosure requirements are outlined in Note 20– Fair Value Measurements.

In October 2010, the NAIC issued SSAP No. 5R, *Liabilities, Contingencies and Impairments of Assets – Revised* (SSAP No. 5R), effective for all guarantees issued or outstanding as of December 31, 2011. The revised standard requires entities to recognize, at the inception of a guarantee, a liability for the obligations it has undertaken in issuing the guarantee, even if the likelihood of having to make payments under the guarantee is remote. The impact of adoption was immaterial to the overall financial condition, results of operations and cash flows of the Company.

In October 2010, the NAIC issued SSAP No. 35R, *Guaranty Fund and Other Assessments – Revised* (SSAP No. 35R) which contains substantive revisions to certain paragraphs of SSAP No. 35 and is initially effective for the reporting period beginning January 1, 2011. The result of applying this revised Statement shall be considered a change in accounting principle in accordance with SSAP No. 3, *Accounting Changes and Corrections of Errors*. The revised standard modifies the conditions required before recognizing liabilities for insurance-related assessments. Under SSAP No. 35R, the liability is not recognized until an assessment has been imposed or is probable and the event obligating an entity to pay an imposed or probable assessment has occurred and can be reasonably estimated. Additionally, under this revised standard an asset relating to future premium tax offsets or policy surcharges shall be recognized at the time the liability is recorded, considering expected future premiums on in-force policies for long-term contracts. The impact of adoption was immaterial to the overall financial condition, results of operations and cash flows of the Company.

In November 2011, the NAIC adopted Statement of Statutory Accounting Principles (SSAP) No. 101, *Income Taxes — A Replacement of SSAP No. 10R and SSAP No. 10*, effective for 2012 interim and annual financial statements and beyond. The new standard includes revised guidance for tax contingencies, non-elective deferred tax asset admissibility test along with significant modifications to the deferred tax asset admissibility test, and disclosure modifications. A change resulting from the adoption of this revised statement shall be accounted for prospectively. The Company has assessed the impact of adopting SSAP No. 101 and believes that there will not be a material impact to total capital and surplus.

## **2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS**

No changes in accounting principles or corrections of errors have been recorded during the years ended December 31, 2011 and 2010.

## **3. BUSINESS COMBINATIONS AND GOODWILL**

The Company was not party to a business combination during the years ended December 31, 2011 and 2010, and does not carry goodwill in its statutory basis statements of admitted assets, liabilities, and capital and surplus.

## **4. DISCONTINUED OPERATIONS**

The Company did not discontinue any operations during 2011 and 2010.

**5. INVESTMENTS AND OTHER INVESTED ASSETS**

The Company has no mortgage loans, real estate loans, restructured debt, reverse mortgages, repurchase agreements, or investments in low-income housing tax credits and does not participate in securities lending activities. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale. Total proceeds on the sale of investments for bonds were \$20,942 and \$33,330 and for short term investments were \$450,621 and \$471,325 in 2011 and 2010, respectively.

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of investments for bonds were \$1,041 and \$22, respectively, for 2011 and \$1,399 and \$3, respectively, for 2010. The net realized gain is included in net realized capital gains less capital gains tax in the accompanying statutory basis statements of operations.

As of December 31, 2011 and 2010, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company's investments, excluding cash (overdrafts) and cash equivalents of \$4,116 and \$(5,919), respectively, are as follows:

	<b>2011</b>				
	<b>Amortized Cost</b>	<b>Gross Unrealized Holding Gains</b>	<b>Gross Unrealized Holding Losses &lt; 1 year</b>	<b>Gross Unrealized Holding Losses &gt; 1 year</b>	<b>Fair Value</b>
U.S. government and agency	\$ 32,185	\$ 1,444	\$ (1)	\$ -	\$ 33,628
State and state agency	39,855	3,541	-	-	43,396
Municipalities and local agency	21,973	1,846	-	-	23,819
Corporate bonds	57,042	1,963	(170)	-	58,835
Money market funds	<u>7,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,871</u>
Total bonds and short-term investments	<u>\$ 158,926</u>	<u>\$ 8,794</u>	<u>\$ (171)</u>	<u>\$ -</u>	<u>\$ 167,549</u>
Common stocks	<u>\$ 35,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,279</u>
	<b>2011</b>				
	<b>Amortized Cost</b>	<b>Gross Unrealized Holding Gains</b>	<b>Gross Unrealized Holding Losses &lt; 1 year</b>	<b>Gross Unrealized Holding Losses &gt; 1 year</b>	<b>Fair Value</b>
Less than one year	\$ 59,684	\$ 395	\$ -	\$ -	\$ 60,079
One to five years	48,960	1,752	(166)	-	50,546
Five to ten years	55,810	4,778	(4)	-	60,584
Over ten years	<u>29,751</u>	<u>1,869</u>	<u>(1)</u>	<u>-</u>	<u>31,619</u>
Total bonds, short-term investments, and stocks	<u>\$ 194,205</u>	<u>\$ 8,794</u>	<u>\$ (171)</u>	<u>\$ -</u>	<u>\$ 202,828</u>
	<b>2010</b>				
	<b>Amortized Cost</b>	<b>Gross Unrealized Holding Gains</b>	<b>Gross Unrealized Holding Losses &lt; 1 year</b>	<b>Gross Unrealized Holding Losses &gt; 1 year</b>	<b>Fair Value</b>
U.S. government and agency	\$ 29,770	\$ 1,233	\$ (12)	\$ -	\$ 30,991
State and state agency	41,407	1,789	(73)	-	43,123
Municipalities and local agency	24,537	919	(183)	-	25,273
Corporate bonds	56,356	2,514	(117)	-	58,753
Money market funds	<u>1,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,450</u>
Total bonds and short-term investments	<u>\$ 153,520</u>	<u>\$ 6,455</u>	<u>\$ (385)</u>	<u>\$ -</u>	<u>\$ 159,590</u>
Common stocks	<u>\$ 33,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,076</u>

Included in U.S. government and agency securities and corporate bonds in the tables above are mortgage-backed securities, which do not have a single maturity date. For the years to maturity table above, these securities have been presented in the maturity group based on the securities' final maturity date and at an amortized cost of \$25,368 and fair value of a \$26,401.

The following table illustrates the fair value and gross unrealized losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2011 and 2010:

	<u>&lt; 1 year</u>		<u>2011</u> <u>&gt; 1 year</u>		<u>Total</u>	
	<u>Gross</u>		<u>Gross</u>		<u>Gross</u>	
	<u>Fair</u> <u>Value</u>	<u>Unrealized</u> <u>Holding</u> <u>Losses</u>	<u>Fair</u> <u>Value</u>	<u>Unrealized</u> <u>Holding</u> <u>Losses</u>	<u>Fair</u> <u>Value</u>	<u>Unrealized</u> <u>Holding</u> <u>Losses</u>
U.S. government and agency	\$ 2,984	\$ (1)	\$ -	\$ -	\$ 2,984	\$ (1)
Corporate bonds	<u>4,400</u>	<u>(170)</u>	<u>-</u>	<u>-</u>	<u>4,400</u>	<u>(170)</u>
Total bonds and short-term investments	<u>\$ 7,384</u>	<u>\$ (171)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,384</u>	<u>\$ (171)</u>

	<u>&lt; 1 year</u>		<u>2010</u> <u>&gt; 1 year</u>		<u>Total</u>	
	<u>Gross</u>		<u>Gross</u>		<u>Gross</u>	
	<u>Fair</u> <u>Value</u>	<u>Unrealized</u> <u>Holding</u> <u>Losses</u>	<u>Fair</u> <u>Value</u>	<u>Unrealized</u> <u>Holding</u> <u>Losses</u>	<u>Fair</u> <u>Value</u>	<u>Unrealized</u> <u>Holding</u> <u>Losses</u>
U.S. government and agency	\$ 1,931	\$ (12)	\$ -	\$ -	\$ 1,931	\$ (12)
State and state agency	3,416	(73)	-	-	3,416	(73)
Municipalities and local agency	6,994	(183)	-	-	6,994	(183)
Corporate bonds	<u>5,222</u>	<u>(117)</u>	<u>-</u>	<u>-</u>	<u>5,222</u>	<u>(117)</u>
Total bonds and short-term investments	<u>\$ 17,563</u>	<u>\$ (385)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,563</u>	<u>\$ (385)</u>

The unrealized losses on investments in U.S. government and agency obligations, state and state agency obligations, municipalities and local agency obligations, and corporate bonds at December 31, 2011 and 2010 were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The Company evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its amortized cost. The contractual cash flows of the U.S. government and agency obligations are either guaranteed by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the Company does not intend to sell the investment until the unrealized loss is fully recovered. The Company evaluated the credit ratings of the municipalities and local agency obligations and corporate obligations, noting whether a significant deterioration since purchase or other factors which may indicate an other-than-temporary impairment, such as the length of time and extent to which fair value has been less than cost, the financial condition, and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer and the Company's intent to sell the investment. Additionally, the Company evaluated its intent and ability to retain mortgage-backed securities for a period of time sufficient to recover the amortized cost. As a result of this review, no other-than-temporary impairments were recorded by the company as of December 31, 2011 and 2010.

The Company did not recognize any other-than-temporary impairments on mortgage-backed securities as of December 31, 2011 and 2010.

The following table illustrates the fair value, gross unrealized losses, and length of time that the mortgage-backed securities have been in a continuous unrealized loss position at December 31, 2011 and 2010:

	<b>&lt; 1 year</b>		<b>2011 &gt; 1 year</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Gross Unrealized Holding Losses</b>	<b>Fair Value</b>	<b>Gross Unrealized Holding Losses</b>	<b>Fair Value</b>	<b>Gross Unrealized Holding Losses</b>
Fixed income — mortgage	\$ 3,157	\$ (1)	\$ -	\$ -	\$ 3,157	\$ (1)

	<b>&lt; 1 year</b>		<b>2010 &gt; 1 year</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Gross Unrealized Holding Losses</b>	<b>Fair Value</b>	<b>Gross Unrealized Holding Losses</b>	<b>Fair Value</b>	<b>Gross Unrealized Holding Losses</b>
Fixed income — mortgage	\$ 1,124	\$ (7)	\$ -	\$ -	\$ 1,124	\$ (7)

## 6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

The Company has no investments in joint ventures, partnerships, or limited liability companies.

## 7. INVESTMENT INCOME

The Company has admitted all investment income due and accrued in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

The components of net investment income earned at December 31, 2011 and 2010, are as follows:

	<b>2011</b>	<b>2010</b>
Bonds	\$ 5,683	\$ 6,329
Cash, cash equivalents, and short-term investments	<u>78</u>	<u>47</u>
Total investment income earned	5,761	6,376
Expenses — investment management fees	<u>(110)</u>	<u>(104)</u>
Net investment income earned	<u>\$ 5,651</u>	<u>\$ 6,272</u>

## 8. DERIVATIVE INSTRUMENTS

The Company has no derivative instruments.

## 9. INCOME TAXES

The components of the net deferred tax asset for the years ended December 31, 2011 and 2010, are as follows:

	<b>2011</b>			<b>2010</b>			<b>Change</b>		
	<b>Ordinary</b>	<b>Capital</b>	<b>Total</b>	<b>Ordinary</b>	<b>Capital</b>	<b>Total</b>	<b>Ordinary</b>	<b>Capital</b>	<b>Total</b>
Gross deferred tax asset	\$ 2,083	\$ 254	\$ 2,337	\$ 9,115	\$ 316	\$ 9,431	\$ (7,032)	\$ (62)	\$ (7,094)
Statutory valuation allowance		<u>254</u>	<u>254</u>	<u>2,251</u>	<u>316</u>	<u>2,567</u>	<u>(2,251)</u>	<u>(62)</u>	<u>(2,313)</u>
Adjusted gross deferred tax asse	2,083	-	2,083	6,864	-	6,864	(4,781)	-	(4,781)
Gross deferred tax liabilities	<u>123</u>	<u>-</u>	<u>123</u>	<u>97</u>	<u>-</u>	<u>97</u>	<u>26</u>	<u>-</u>	<u>26</u>
Net deferred tax asset	1,960	-	1,960	6,767	-	6,767	(4,807)	-	(4,807)
Deferred tax asset nonadmitted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net admitted deferred tax asset	<u>\$ 1,960</u>	<u>\$ -</u>	<u>\$ 1,960</u>	<u>\$ 6,767</u>	<u>\$ -</u>	<u>\$ 6,767</u>	<u>\$ (4,807)</u>	<u>\$ -</u>	<u>\$ (4,807)</u>

The components of the adjusted gross deferred tax assets admissibility calculation under SSAP No. 10R, *Income Taxes – Revised, A Temporary Replacement of SSAP No. 10*, are as follows:

SSAP 10R Paragraph	2011			2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
¶ 10.a	2,083	-	2,083	2,836	-	2,836	(753)	-	(753)
¶ 10.b.i.	-	-	-	4,028	-	4,028	(4,028)	-	(4,028)
¶ 10.b.ii.	-	-	10,517	-	-	10,761	-	-	(244)
¶ 10.c	-	-	-	4,028	-	4,028	(4,028)	-	(4,028)
	-	-	-	-	-	-	-	-	-
	<u>2,083</u>	<u>-</u>	<u>2,083</u>	<u>6,864</u>	<u>-</u>	<u>6,864</u>	<u>(4,781)</u>	<u>-</u>	<u>(4,781)</u>

The Company has not elected to admit additional deferred tax assets under the expanded admissibility test.

No additional adjusted gross deferred tax assets are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus as a result of tax-planning strategies.

The results from the deferred tax asset admissibility calculation in relation to total admitted assets and total capital and surplus is presented below:

	2011			2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted deferred tax asset	\$ 2,083	\$ -	\$ 2,083	\$ 6,864	\$ -	\$ 6,864	\$ (4,781)	\$ -	\$ (4,781)
Total admitted assets at December 31			223,806			209,793			14,013
Adjusted capital and surplus at September 30			110,115			107,611			2,504
Total capital and surplus from net deferred tax assets at December 31			137,157			109,194			27,963

There are no unrecognized deferred tax liabilities.

The current federal income taxes incurred for the years ended December 31, 2011 and 2010, are as follows:

	2011	2010	Change
Federal income taxes incurred	\$ 5,252	\$ 1,547	\$ 3,705
Capital gains tax	<u>337</u>	<u>478</u>	<u>(141)</u>
Total current federal income taxes incurred	<u>\$ 5,589</u>	<u>\$ 2,025</u>	<u>\$ 3,564</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2011 and 2010, are as follows:

	<b>2011</b>	<b>2010</b>	<b>Change</b>
Ordinary deferred tax assets:			
Unpaid losses and CAE	\$ 340	\$ 342	\$ (2)
Premiums received in advance	1,334	1,278	56
Nonadmitted assets	356	314	42
Other insurance reserves	-	7,118	(7,118)
Bad debt	53	28	25
General expenses due and accrued	-	35	(35)
Subtotal ordinary gross deferred tax asset	<u>2,083</u>	<u>9,115</u>	<u>(7,032)</u>
Statutory valuation allowance - ordinary	<u>-</u>	<u>(2,251)</u>	<u>2,251</u>
Adjusted ordinary gross deferred tax asset	2,083	6,864	(4,781)
Nonadmitted ordinary deferred tax asset	<u>-</u>	<u>-</u>	<u>-</u>
Admitted ordinary deferred tax asset	2,083	6,864	(4,781)
Capital deferred tax assets:			
Investments	<u>254</u>	<u>316</u>	<u>(62)</u>
Subtotal capital gross deferred tax asset	254	316	(62)
Statutory valuation allowance - capital	<u>(254)</u>	<u>(316)</u>	<u>62</u>
Adjusted capital gross deferred tax asset	-	-	-
Total admitted deferred tax asset	<u>2,083</u>	<u>6,864</u>	<u>(4,781)</u>
Ordinary deferred tax liabilities:			
Investments	<u>123</u>	<u>97</u>	<u>26</u>
Subtotal ordinary gross deferred tax liability	123	97	26
Total deferred tax liabilities	<u>123</u>	<u>97</u>	<u>26</u>
Net deferred tax asset	<u>\$ 1,960</u>	<u>\$ 6,767</u>	<u>\$ (4,807)</u>

The Company assessed the potential realization of the gross deferred tax asset and established a valuation allowance of \$254 and \$2,567 to reduce the gross deferred tax asset to \$2,083 and \$6,864 as of December 31, 2011 and 2010, respectively which represents the amount of the asset estimated to be recoverable via carryback of losses and reduction of future taxes. The application of the statutory valuation allowance is required under SSAP No. 10R effective for 2009 through 2011. The change in the valuation allowance is attributable to the change in timing of deductibility of expenses and/or expectations for future taxable income.

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 35% to net income (loss) before federal income taxes less capital gains tax. The significant items causing this difference are as follows:

	<b>2011</b>	<b>2010</b>
Tax provision at the federal statutory rate	\$ 13,550	\$ (4,516)
Tax-exempt interest	(716)	(767)
Change in statutory valuation allowance	(2,313)	2,184
Tax effect of nonadmitted assets	<u>(125)</u>	<u>708</u>
Total	<u>\$ 10,396</u>	<u>\$ (2,391)</u>
Federal income taxes incurred	\$ 5,252	\$ 1,547
Capital gains tax	337	478
Change in net deferred tax asset	<u>4,807</u>	<u>(4,416)</u>
Total statutory income taxes	<u>\$ 10,396</u>	<u>\$ (2,391)</u>

At December 31, 2011, the Company had no net operating loss carryforwards.

Current federal income taxes payable (recoverable) of \$3,931 and \$(442) as of December 31, 2011 and 2010, respectively, are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Federal income taxes paid, net of refunds was \$1,216 and \$2,687 in 2011 and 2010, respectively.

Federal income taxes incurred of \$5,589 and \$2,025 for 2011 and 2010, respectively, is available for recoupment in the event of future net losses.

The Company has not admitted any aggregate amounts of deposits that are included within Section 6603 ("Deposits made to suspend running of interest on potential underpayments, etc.") of the Internal Revenue Service Code.

The Company does not have a provision for tax contingencies recorded as of December 31, 2011 or 2010.

The Company is included in a consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y – Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The U.S. Internal Revenue Service (IRS) has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2010 and prior. UnitedHealth Group's 2011 tax return is under advance review by the IRS under its Compliance Assurance Program (CAP). With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2004 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

**10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES**

Effective July 1, 2011, the Company entered into a revised Management Agreement (Agreement) with UHS. This Agreement has been approved by the Division. UHS will continue to provide management services to the Company under a revised fee structure that is changing from a percentage of net premium income and change in unearned premium reserves and reserve for rate credits to a direct charge based on UHS' expenses for services or use of assets provided to the Company. Management fees under this arrangement totaled \$43,175 and \$55,128 in 2011 and 2010, respectively, and are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. In addition, UHS pays certain direct expenses, such as broker commissions, DOI exam fees, premium taxes on the behalf of the Company. UHS is reimbursed by the Company for these expenses.

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Company expensed as hospital and medical expenses, general administrative expenses, and claims adjustment expenses \$35,096 and \$29,639 in capitation fees, administrative fees, and access fees to related parties during 2011 and 2010, respectively. Under the Agreement effective for July 1, 2011, UHS provides or arranges for services on behalf of the Company using a pass-through of charges incurred by UHS, Inc. on a Per Member Per Month (PMPM) basis (where the charge incurred by UHS is on a PMPM basis) or using another allocation methodology consistent with the Agreement. These services include, but are not limited to, integrated personal health management solutions, such as disease management, treatment decision support and wellness services, including a 24-hour call-in service, access to a network of transplant providers and discount program services. OptumHealth Care Solutions, Inc. (formerly ACN Group, Inc.) provides chiropractic and physical therapy services. Spectera, Inc. provides administrative services related to vision benefit management and claims processing, Dental Benefit Providers, Inc., provides dental care assistance, and United Behavioral Health, Inc. provides mental health and substance abuse services. Prior to July 1, 2011, UHS's subsidiaries and divisions provided various services to enrollees of the Company.

The capitation expenses, administrative services, and access fees paid to related parties, that are included as hospital and medical expenses, general administrative expenses, and claims adjustment expenses in the accompanying statutory basis statements of operations for the years ended December 31, 2011 and 2010, are shown below:

	2011	2010
United Behavioral Health	\$ 32,123	\$ 28,581
UHS (effective July 1, 2011)	1,830	249
OptumHealth Care Solutions, Inc. (formerly ACN Group, Inc.)	99	103
Spectera, Inc.	207	160
Dental Benefit Providers, Inc.	<u>837</u>	<u>546</u>
Total	<u>\$ 35,096</u>	<u>\$ 29,639</u>

The Company contracts with OptumRx to provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees. Fees related to these agreements, which are calculated on a per-claim basis, of \$2,266 and \$1,229 in 2011 and 2010, respectively, are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. Additionally, OptumRx collects rebates on certain pharmaceutical products based on member utilization. Rebates related to these agreements of \$7,932 and \$9,178 in 2011 and 2010, respectively, are included as a reduction of prescription drugs in the accompanying statutory basis statements of operations.

The Company has an agreement with OptumInsight, Inc. (formerly Ingenix, Inc.), a wholly owned subsidiary of UnitedHealth Group, for services that lead up to and include the prevention and recovery of medical expense overpayments. Percentages of every recovery are retained by Optumsight, Inc. as service fees based on the services performed. Recoveries, net of fees, are returned to the Company on a monthly basis. Service fees of \$222 and \$289 are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations for the years ended December 31, 2011 and 2010, respectively.

The Company has premium payments that are received and claim payments that are processed by an affiliated UnitedHealth Group entity. Both premiums and claims applicable to the Company are settled at regular intervals throughout the month via the intercompany settlement process and any amounts outstanding are reflected in receivables from parent, subsidiaries, and affiliates, or amounts due to parent, subsidiaries, and affiliates in the accompanying statutory basis statements of admitted assets, liabilities and capital and surplus.

The Company has an insolvency-only reinsurance agreement with UHIC, a wholly owned subsidiary of UHIC Holdings, Inc. which is a wholly owned subsidiary of UHS, to provide insolvency protection for its Medicare and Medicaid enrollees. Reinsurance premiums, which are calculated on a percentage of member premium income, of \$412 in 2011 and \$384 in 2010 are netted against net premium income in the accompanying statutory basis statements of operations.

The Company also has a reinsurance agreement for Medicaid products with UHIC. Under the provisions of the contract, the reinsurer indemnifies the Company for 80% of all eligible inpatient services in excess of \$300 per Medicaid member during each contract year. The Company ceded premiums of \$341 in 2011 and \$270 in 2010 to UHIC under this agreement.

Additionally, the Company has a reinsurance agreement with UHIC, through which 60% of earned commercial member premiums, hospital and medical expenses, and operating expenses are transferred to UHIC. The Company transferred operating expenses of \$3,448 and \$7,773 in 2011 and 2010 respectively, to UHIC under this agreement. The Company recorded paid claim receivables related to this agreement of \$2,138 and \$3,101 in 2011 and 2010 respectively, which are included in reinsurance recoverable within the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company recorded a receivable related to general administrative expenses and claims adjustment expenses of \$69 and \$676 in 2011 and 2010 respectively, which is included in other amounts recoverable under reinsurance contracts in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company recorded receivables related to changes in reserve estimates of \$1,728 and \$4,270 in 2011 and 2010, respectively, which are netted against claims unpaid within the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. The agreement also provides insolvency-only protection for its enrollees. Fees related to this agreement, which are calculated on percentage of earned premium, are \$43 and \$76 in 2011 and 2010, respectively, and are netted against net premium income in the accompanying statutory basis statements of operations. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

The effect of reinsurance on net commercial earned premiums and total hospital and medical expenses for the years ended December 31, 2011 and 2010, is as follows:

	<b>2011</b>	<b>2010</b>
Earned premiums:		
Direct	\$ 42,560	\$ 75,818
Ceded	(25,609)	(45,662)
Insolvency	<u>(43)</u>	<u>(76)</u>
Net premium income	<u>\$ 16,908</u>	<u>\$ 30,080</u>
Hospital and medical expenses:		
Direct	\$ 32,663	\$ 61,623
Ceded	<u>(19,512)</u>	<u>(36,848)</u>
Net hospital and medical expenses	<u>\$ 13,151</u>	<u>\$ 24,775</u>

The Company holds a \$14,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of LIBOR plus a margin of 0.50%. This credit agreement is subordinate to the extent it does not conflict with any credit facility held by either party. The aggregate principal amount that may be outstanding at any time is the lesser of 3% of the Company's admitted assets or 25% of the Company's policyholder surplus as of the preceding December 31. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was renewed effective

December 31, 2011. No amounts were outstanding under the line of credit as of December 31, 2011 and 2010.

At December 31, 2011 and 2010, the Company reported \$11,071 receivables from parent, subsidiaries and affiliates and \$61 as amounts due to parent, subsidiaries, and affiliates, respectively, which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets. The Company pays interest expense on the monthly average balance in the net amounts due to parent, subsidiaries, and affiliates account, which is calculated at a fluctuating rate that approximates the prime rate. Net interest expense incurred by the Company in 2011 and 2010 relating to this balance was \$0 and \$9, respectively. Interest expense is included in general administrative expenses in the accompanying statutory basis statements of operations..

In addition to the agreements above, UHS maintains a private short-term money market investment pool in which affiliated companies may participate (see Note 1). At December 31, 2011 and 2010, the Company's portion was \$35,279 and \$33,076, respectively, and is included in common stocks in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus, in accordance with the classification requirements of the Division.

The Company has entered into a Tax Sharing Agreement with UnitedHealth Group (see Note 9).

The Company does not have any investments in a subsidiary, controlled, or affiliated entity that exceeds 10% of admitted assets.

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party, it does not have any investments in a foreign insurance subsidiary and it does not hold any investments in a downstream noninsurance holding company.

#### **11. DEBT**

The Company had no outstanding debt with third parties during 2011 and 2010.

#### **12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS**

The Company has no retirement plan, deferred compensation, or other benefit plans, since all personnel are employees of UHS, which provides services to the Company under the terms of a management agreement (see Note 10).

#### **13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS**

The Company has 100 shares authorized and 10 shares issued and outstanding of no par value common capital stock with a stated value of \$586,283 per share. The Company has no preferred stock authorized or outstanding. All issued and outstanding shares of common capital stock are held by the Company's parent, UHC.

Payment of dividends may be restricted by the Division and Rhode Island law, which generally require that dividends be paid out of accumulated surplus.

There are no restrictions placed on the Company's unassigned surplus. The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options or stock purchase warrants.

The Company does not have any special surplus funds.

The portion of unassigned surplus represented or (reduced by) each item below is as follows:

	2011	2010
Net deferred income taxes	\$ 1,960	6,767
Nonadmitted assets	<u>(1,253)</u>	<u>(897)</u>
Total	<u>\$ 707</u>	<u>\$ 5,870</u>

The Company has never been a party to a quasi-reorganization and does not have any outstanding surplus notes.

#### 14. CONTINGENCIES

Because of the nature of the business, the Company is routinely made party to a variety of legal actions related to the design and management of its service offerings. The Company records liabilities for estimates of probable costs resulting from these matters where appropriate. These matters include, but are not limited to, claims relating to health care benefits coverage, medical malpractice actions, contract disputes, and claims related to certain other business practices. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

The Company's business is regulated at the federal, state and local levels. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.

The Company has been and is currently involved in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, state attorneys general, the Office of Inspector General (OIG), the Office of Personnel Management, the Office of Civil Rights, U.S. Congressional committees, the U.S. Department of Justice, U.S. Attorneys, the SEC, the IRS, the U.S. Department of Labor, the Federal Deposit Insurance Corporation and other governmental authorities. Examples of audits include the risk adjustment data validation (RADV) audits discussed below and a review by the U.S. Department of Labor of the Company's administration of applicable customer employee benefit plans with respect to ERISA compliance.

Government actions can result in assessment of damages, civil or criminal fines or penalties, or other sanctions, including loss of licensure or exclusion from participation in government programs and could have a material adverse impact on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

**Risk Adjustment Data Validation Audit.** CMS adjusts capitation payments to Medicare Advantage plans and Medicare Part D plans according to the predicted health status of each beneficiary as supported by data from health care providers as well as, for Medicare Part D plans only, based on comparing costs predicted in the Company's annual bids to actual prescription drug costs. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted and member demographic information.

In 2008, CMS announced that it would perform RADV audits of selected Medicare Advantage health plans each year to validate the coding practices of and supporting documentation maintained by health care providers. These audits involve a review of medical records maintained by providers and may result in retrospective adjustments to payments made to health plans. Certain of the Company's health plans have been selected for audit. These audits are focused on medical records supporting risk adjustment data for 2006 that were used to determine 2007 payment amounts. Although these audits are

ongoing, the Company does not believe they will have a material impact on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

In December 2010, CMS published for public comment a new proposed RADV audit and payment adjustment methodology. The proposed methodology contains provisions allowing retroactive contract level payment adjustments for the year audited using an extrapolation of the "error rate" identified in audit samples. The Company has submitted comments to CMS regarding concerns the Company has with CMS' proposed methodology. These concerns include, among others, the fact that the proposed methodology does not take into account the "error rate" in the original Medicare fee-for-service data that was used to develop the risk adjustment system. Additionally, payments received from CMS, as well as benefits offered and premiums charged to members, are based on actuarially certified bids that did not include any assumption of retroactive audit payment adjustments. The Company believes that applying retroactive audit and payment adjustments after CMS acceptance of bids undermines the actuarial soundness of the bids. On February 3, 2011, CMS notified the Company that CMS was evaluating all comments received on the proposed methodology and that it anticipated making changes to the draft, based on input CMS had received. On February 24, 2012 CMS issued their final audit approach methodology. Management is currently evaluating the impact the revised methodology could have on the accompanying statutory basis financial statements. Potential payment adjustments could have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

During the first quarter of 2010, the Patient Protection and Affordable Care Act and a reconciliation measure, the Health Care and Education Reconciliation Act of 2010 (collectively known as Health Reform Legislation), were signed into law. The Health Reform Legislation expands access to coverage and modifies aspects of the commercial insurance market, as well as the Medicaid and Medicare programs, Comprehensive Health Insurance Program and other aspects of the health care system. Certain provisions of the Health Reform Legislation have already taken effect, and other provisions become effective at various dates over the next several years. The Department of Health and Human Services (HHS), the Department of Labor (DOL) and the Treasury Department have issued regulations or proposed regulations on a number of aspects of Health Reform Legislation, but final rules and interim guidance on the other key aspects of the legislation remain pending.

Certain aspects of the Health Reform Legislation are also being challenged in federal court, with the proponents of such challenges seeking to limit the scope of or have all or portions of the Health Reform Legislation declared unconstitutional. The United States Supreme Court is scheduled to hear oral arguments on certain aspects of these cases in March 2012, including the constitutionality of the individual mandate. Congress may also withhold the funding necessary to implement the Health Reform Legislation, or may attempt to replace the legislation with amended provisions or repeal it altogether.

The Health Reform Legislation and the related federal and state regulations will impact how the Company does business and could restrict revenue and enrollment growth in certain products and market segments, restrict premium growth rates for certain products and market segments, increase the Company's medical and administrative costs, expose the Company to an increased risk of liability (including increasing our liability in federal and state courts for coverage determinations and contract interpretation) or put the Company at risk for loss of business. In addition, the Company's results of operations, financial condition, and cash flows could be materially adversely affected by such changes. The Health Reform Legislation may create new or expand existing opportunities for business growth, but due to its complexity, the impact of the Health Reform Legislation remains difficult to predict and is not yet fully known.

The Company is not aware of any assessments, potential or accrued, that could have a material financial effect on the operations of the entity or any gain contingencies that should be recorded or disclosed in the financial statements.

There are no assets that the Company considers to be impaired at December 31, 2011 and 2010, except as disclosed in Note 5 and Note 20.

**15. LEASES**

According to the management agreement between the Company and UHS (see Note 10), operating leases for the rental of office facilities and equipment are the responsibility of UHS. Fees associated with the management agreement are included in the Company's management fee.

**16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK**

The Company does not hold any financial instruments with off-balance-sheet risk or concentrations of credit risk.

**17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**

The Company did not participate in any transfer of receivables, financial assets, or wash sales.

**18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS**

The Medicare Part D program is a partially insured plan. The Company recorded a liability of \$18 and \$458 at December 31, 2011 and 2010, respectively, for cost reimbursements under the Medicare Part D program for the catastrophic reinsurance and low-income member cost-sharing subsidies as described in Note 1 *Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans*. The Company also recorded a receivable of \$907 and a payable of \$888 at December 31, 2011 for the Medicare Part D Coverage Gap Discount Program as described in Note 1, *Amounts Receivable Relating to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans*.

**19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS**

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators.

**20. FAIR VALUE MEASUREMENTS**

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

*Level 1* — Quoted (unadjusted) prices for identical assets in active markets.

*Level 2* — Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.)
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.)
- Inputs that are derived principally from or corroborated by other observable market data

*Level 3* — Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds, short-term investments and common stocks (investments) are based on quoted market prices, where available. The Company obtains one price for each security primarily from a third-party pricing service (pricing service), which generally uses quoted or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow

analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, non-binding broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to prices reported by its custodian, its investment consultant and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. Based on the Company's internal price verification procedures and review of fair value methodology documentation provided by independent pricing services, the Company has not historically adjusted the prices obtained from the pricing service.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

The Company has does not have any financial assets that are measured and reported at fair value on the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2011 and 2010.

The Company does not have any financial assets with a fair value hierarchy of level 3.

## **21. OTHER ITEMS**

The Company's business is regulated at federal, state and local levels, and the Company must obtain and maintain regulatory approvals to market and sell many of its products. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations.. State legislatures and Congress continue to focus on health care issues.

The Company did not encounter any extraordinary items for the years ended December 31, 2011 or 2010.

The Company has no troubled debt restructurings as of December 31, 2011 or 2010.

The Company routinely evaluates the collectability of all receivable amounts included within the statutory basis statements of admitted assets, liabilities, and capital and surplus. Reserves are established for those amounts where collectability is uncertain. Based on the Company's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company's financial condition.

The Company has not received any business interruption insurance recoveries during 2011 and 2010, and does not have any state transferable tax credits or hybrid securities as of December 31, 2011 and 2010.

The Company elected to use rounding in reporting amounts in the notes to statutory basis financial statements except for common capital stock share data disclosed in Note 13.

Sub-Prime Mortgage Related Risk Exposure - The investment policy for the Company limits investments in asset-backed securities, which includes the sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are rated NAIC rating of 1 or 2. The Company has no direct exposure through investments in sub-prime mortgage loans. The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage. The Company's direct exposure through other investments related to sub-prime residential mortgage-backed securities and commercial mortgage-backed securities during 2011, consists of the following:

	Cost or Amortized Cost	Book Adjusted Carrying Value	Fair Value	Other Than Temporary Loss Recognized to Date
Residential mortgage-backed securities	\$ 598	\$ 622	\$ 668	\$ -
Commercial mortgage-backed securities	<u>6,039</u>	<u>6,045</u>	<u>6,315</u>	<u>          </u>
Total	<u>\$ 6,637</u>	<u>\$ 6,667</u>	<u>\$ 6,983</u>	<u>\$ -</u>

**22. EVENTS SUBSEQUENT**

The Company has evaluated subsequent events through February 28, 2012 which is the date these statutory basis financial statements were available for issuance.

The Company has received approval from the Massachusetts Division of Insurance to withdraw from the Massachusetts commercial HMO market. The withdrawal will be conducted over a one year period beginning with January 1, 2012 renewals.

There are no other events subsequent to December 31, 2011, that require disclosure.

**23. REINSURANCE**

**Reinsurance Agreements** — In the normal course of business, the Company seeks to reduce potential losses that may arise from catastrophic events that cause unfavorable underwriting results by reinsuring certain levels of such risk with affiliated reinsurers (see Note 10). The Company remains primarily liable as the direct insurer on all risks reinsured.

**Ceded Reinsurance Report** —

*Section 1* — General Interrogatories

a. Are any nonaffiliated reinsurers 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)

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

Yes ( )            No (X)

*Section 2* — Ceded Reinsurance — 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 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 — Part B*

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

The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2011.

- 2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes ( )            No (X)

**Unsecured Reinsurance Recoverable** — The Company does not have an unsecured aggregate reinsurance recovery receivable with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus.

**Reinsurance Recoverable in Dispute** — The Company does not have a reinsurance recoverable balance that is being disputed by any individual reinsurer.

**Reinsurance Assumed and Ceded** — The Company does not have a provision in its reinsurance contract to return commissions to the reinsurer in the event that the Company cancels its reinsurance policy.

**Uncollectible Reinsurance** — During 2011 and 2010, there were no uncollectible reinsurance recoverables.

**Commutation of Reinsurance** — There was no commutation of reinsurance in 2011 or 2010.

**Retroactive Reinsurance** — The Company did not have a retroactive reinsurance agreement in 2011 or 2010.

**24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION**

The Company has Medicare Part D program business which is subject to a retrospective rating feature related to Part D Premiums. The Company has estimated accrued retrospective premiums related to certain Part D premiums based on guidelines determined by CMS. The formula is tiered and based on the bid medical loss ratio. The amount of Part D earned premiums subject to retrospective rating was \$9,709 and \$9,007 representing 2.1% and 2.2% of total net premium income for 2011 and 2010, respectively.

The Medicaid business contract with the state of Rhode Island includes experience rebates. The rebate period is over the contract period, which is an August 31 year-end. The Company estimates accrued retrospective premium adjustments for its Medicaid business based on the tiered rebate formula provided in the contract. The formula is based on net income before taxes. The amount of net premium income that is subject to the state Medicaid contract retrospective rating feature was \$243,455 and \$195,790, representing 53.0% and 47.4% of total net premium income as of December 31, 2011 and 2010, respectively.

The Company does not have any other retrospectively rated contracts subject to redetermination as of December 31, 2011 or 2010.

Pursuant to the Health Reform Legislation (see Note 14), the Company is required to maintain specific minimum loss ratios. These minimum loss ratios apply to comprehensive major medical coverage and vary depending on group size. The Company's actual loss ratios were in excess of the minimum requirements and as a result, no minimum medical loss ratio rebate was required to be established at December 31, 2011.

## 25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the accompanying statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves and health care receivables for 2011 and 2010:

	<b>2011</b>		
	<b>Current Year Incurred Claims</b>	<b>Prior Years Incurred Claims</b>	<b>Total</b>
Beginning of year claim reserve	\$ -	\$ (51,871)	\$ (51,871)
Paid claims, net of health care receivables and reinsurance recoveries collected	355,979	33,369	389,348
End of year claim reserve	<u>53,602</u>	<u>3,042</u>	<u>56,644</u>
Incurred claims excluding the change in health care receivables and reinsurance recoverables as presented below	409,581	(15,460)	394,121
Beginning of year health care receivables and reinsurance recoverables	-	13,685	13,685
End of year health care receivables and reinsurance recoverables	<u>(4,868)</u>	<u>(8,277)</u>	<u>(13,145)</u>
Total incurred claims	<u>\$ 404,713</u>	<u>\$ (10,052)</u>	<u>\$ 394,661</u>

	<b>2010</b>		
	<b>Current Year Incurred Claims</b>	<b>Prior Years Incurred Claims</b>	<b>Total</b>
Beginning of year claim reserve	\$ -	\$ (47,110)	\$ (47,110)
Paid claims, net of health care receivables and reinsurance recoveries collected	317,649	33,207	350,856
End of year claim reserve	<u>50,838</u>	<u>1,033</u>	<u>51,871</u>
Incurred claims excluding the change in health care receivables and reinsurance recoverables as presented below	368,487	(12,870)	355,617
Beginning of year health care receivables and reinsurance recoverables	-	11,630	11,630
End of year health care receivables and reinsurance recoverables	<u>(8,710)</u>	<u>(4,975)</u>	<u>(13,685)</u>
Total incurred claims	<u>\$ 359,777</u>	<u>\$ (6,215)</u>	<u>\$ 353,562</u>

The liability for claims unpaid, accrued medical incentive pool and bonus amounts, aggregate health claim reserves and health care receivables as of December 31, 2010 were \$38,185. As of December 31, 2011, \$33,369 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years, excluding the effect of healthcare receivables and reinsurance recoveries are now \$3,042 as a result of re-estimation of unpaid claims. There has been \$10,052 favorable prior-year development since December 31, 2010 to December 31, 2011. The primary drivers consist of \$10,385 in retroactivity for

inpatient, outpatient, physician, and pharmacy claims. At December 31, 2010, the Company recorded \$6,215 of favorable development related to insured events of prior years primarily as a result of ongoing analysis of loss development trends and changes to the provider settlement reserves. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this favorable development is the impact related to retrospectively rated policies. As a result of the prior-year effects, on a regular basis, the Company adjusts revenue and the corresponding liability and/or receivable related to retrospectively rated policies and the impact of the change is included as a component of change in unearned premium reserves and reserve for rate credits in the statutory basis statements of operations.

The Company incurred claims adjustment expenses of \$13,044 and \$19,190 in 2011 and 2010, respectively. These costs are included in the management service fees paid by the Company to UHS as a part of its management agreement (see Note 10). The following tables disclose paid CAE, incurred CAE, and the balance in the unpaid claim adjustment expenses reserve for 2011 and 2010:

	<b>2011</b>	<b>2010</b>
Total claims adjustment expenses incurred	\$ 13,044	\$ 19,190
Less current year unpaid claims adjustment expenses	(894)	(1,050)
Add prior year unpaid claims adjustment expenses	<u>1,050</u>	<u>938</u>
Total claims adjustment expenses paid	<u>\$ 13,200</u>	<u>\$ 19,078</u>

In 2011, the Company changed the methodology for calculating and presenting CAE in the table above to more accurately reflect the costs associated with the CAE pursuant to the terms of the cost reimbursement management agreement with UHS.

**26. INTERCOMPANY POOLING ARRANGEMENTS**

The Company did not have any intercompany pooling arrangements in 2011 or 2010.

**27. STRUCTURED SETTLEMENTS**

The Company did not have structured settlements in 2011 or 2010.

**28. HEALTH CARE AND OTHER RECEIVABLES**

Pharmaceutical rebates receivable are recorded when reasonably estimated or billed by the affiliated pharmaceutical benefit manager in accordance with pharmaceutical rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by the pharmaceutical benefit manager and adjusted for significant changes in pharmaceutical contract provisions. The Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The collection history of pharmacy rebates is summarized as:

Quarter	Estimated Pharmacy Rebates	Pharmacy Rebates as Invoiced/ Confirmed	Rebates Collected Within 90 Days of Invoicing/ Confirmation	Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Rebates Collected More than 181 Days of Invoicing/ Confirmation
December 31, 2011	\$ 1,745	\$ -	\$ -	\$ -	\$ -
September 30, 2011	1,727	1,776	929	-	-
June 30, 2011	1,635	1,680	1,336	294	-
March 31, 2011	1,555	1,654	1,333	196	75
December 31, 2010	1,478	1,610	1,209	210	111
September 30, 2010	1,625	1,851	1,202	630	35
June 30, 2010	1,589	1,806	1,044	720	43
March 31, 2010	1,326	1,493	1,033	401	52
December 31, 2009	1,126	1,210	952	143	54
September 30, 2009	1,106	1,201	819	105	123
June 30, 2009	1,070	1,124	799	82	122
March 31, 2009	1,027	1,054	591	240	131

Of the amount reported as health care and other receivables, \$2,466 and \$2,151 relates to pharmaceutical rebate receivables as of December 31, 2011 and 2010, respectively.

The Company also admitted \$9,776 and \$10,772 for receivables from the State of Rhode Island for various risk sharing agreements in 2011 and 2010, respectively, which are included in health care and other receivables in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

**29. PARTICIPATING POLICIES**

The Company did not have any participating contracts in 2011 or 2010.

**30. PREMIUM DEFICIENCY RESERVES**

The Company had a liability of \$0 and \$20,337 for premium deficiency reserves, as of December 31, 2011 and 2010, respectively. The analysis of the premium deficiency reserves was completed as of December 31, 2011 and 2010, respectively. Premium deficiency reserves are included in aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company did consider anticipated investment income when calculating its premium deficiency reserves.

**31. ANTICIPATED SALVAGE AND SUBROGATION**

Due to the type of business being written, the Company has no salvage. As of December 31, 2011 and 2010, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [ X ] No [ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [ X ] No [ ] N/A [ ]
- 1.3 State Regulating? ..... Rhode Island
- 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. .... 12/31/2009
- 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. .... 12/31/2009
- 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). .... 03/30/2011
- 3.4 By what department or departments?  
Rhode Island Department of Business Regulation .....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] N/A [ X ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ X ] No [ ] N/A [ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.11 sales of new business? ..... Yes [ ] No [ X ]  
4.12 renewals? ..... Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.21 sales of new business? ..... Yes [ ] No [ X ]  
4.22 renewals? ..... Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [ X ]
- 6.2 If yes, give full information:  
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [ ] No [ X ]
- 7.2 If yes,  
7.21 State the percentage of foreign control; ..... %  
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

**GENERAL INTERROGATORIES**

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ X ] No [ ]
- 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 Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 SEC
OptumHealth Bank	Salt Lake City, Utah	NO	NO	NO	YES	NO

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche LLP; Minneapolis, MN
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:  
.....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:  
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? ..... Yes [ X ] No [ ] N/A [ ]
- 10.6 If the response to 10.5 is no or n/a, please explain  
.....
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Allen J. Sorbo, Chief Actuary of United Healthcare Insurance Company, an affiliate of United Healthcare of New England, Inc. Hartford, CT
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 12.11 Name of real estate holding company ....
- 12.12 Number of parcels involved .....
- 12.13 Total book/adjusted carrying value ..... \$ .....
- 12.2 If, yes provide explanation:  
.....
- 13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] N/A [ ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is No, please explain:  
.....
- 14.2 Has the code of ethics for senior managers been amended? ..... Yes [ X ] No [ ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
UnitedHealth Group's previous code of conduct ("The Principles of Ethics & Integrity") was somewhat outdated and had not been substantially revised in many years. In 2010, the Company's compliance and ethics team began the process of researching best practices and benchmarking our code against other companies' codes. On May 24, 2011, the UnitedHealth Group Board of Directors adopted the newly revised "Code of Conduct: Our Principles of Ethics & Integrity." The Code covers all employees at all levels. The topics covered in the new Code are not considerably different, but the material is now much more user- friendly, intuitive and helpful in both aesthetics and content. ....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).  
.....

**GENERAL INTERROGATORIES**

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? ..... Yes [ ] No [ X ]  
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

**BOARD OF DIRECTORS**

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes [ X ] No [ ]  
 17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? ..... Yes [ X ] No [ ]  
 18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? ..... Yes [ X ] No [ ]

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? ..... Yes [ ] No [ X ]  
 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
     20.11 To directors or other officers.....\$ .....0  
     20.12 To stockholders not officers.....\$ .....0  
     20.13 Trustees, supreme or grand (Fraternal Only).....\$ .....0  
 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):  
     20.21 To directors or other officers.....\$ .....0  
     20.22 To stockholders not officers.....\$ .....0  
     20.23 Trustees, supreme or grand (Fraternal Only).....\$ .....0  
 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? ..... Yes [ ] No [ X ]  
 21.2 If yes, state the amount thereof at December 31 of the current year:  
     21.21 Rented from others.....\$ .....  
     21.22 Borrowed from others.....\$ .....  
     21.23 Leased from others.....\$ .....  
     21.24 Other.....\$ .....  
 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [ X ]  
 22.2 If answer is yes:  
     22.21 Amount paid as losses or risk adjustment \$ .....  
     22.22 Amount paid as expenses.....\$ .....  
     22.23 Other amounts paid.....\$ .....  
 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ X ] No [ ]  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: .....\$ .....14,530,295

**INVESTMENT**

- 24.1 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 24.3)..... Yes [ X ] No [ ]  
 24.2 If no, give full and complete information relating thereto  
 .....  
 24.3 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) N/A .....  
 24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? ..... Yes [ ] No [ ] N/A [ X ]  
 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. ....\$ .....  
 24.6 If answer to 24.4 is no, report amount of collateral for other programs. ....\$ .....  
 24.7 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 ]  
 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? ..... Yes [ ] No [ ] N/A [ X ]  
 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? ..... Yes [ ] No [ ] N/A [ X ]

## GENERAL INTERROGATORIES

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 24.3). ..... Yes [ X ] No [ ]

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

	25.21 Subject to repurchase agreements .....	\$ .....
	25.22 Subject to reverse repurchase agreements .....	\$ .....
	25.23 Subject to dollar repurchase agreements .....	\$ .....
	25.24 Subject to reverse dollar repurchase agreements .....	\$ .....
	25.25 Pledged as collateral .....	\$ .....
	25.26 Placed under option agreements .....	\$ .....
	25.27 Letter stock or other securities restricted as to sale .....	\$ .....
	25.28 On deposit with state or other regulatory body .....	\$ 1,201,470
	25.29 Other .....	\$ .....

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Northern Trust .....	50 S. LaSalle, Chicago, IL 60675 .....
State Street Bank .....	801 Pennsylvania, Kansas City, MO 64105 .....
Bank of New York Mellon .....	Global Liquidity Services, 1 Wall St. 14th Floor, New York, NY 10286 .....

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

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

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
State Street Bank .....	Northern Trust .....	07/27/2011 .....	Economics .....

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

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A .....	Internally Managed .....	N/A .....
104518 .....	Deutsche Investment Management Americas Inc. ....	345 Park Avenue, New York, NY 10154 .....

## GENERAL INTERROGATORIES

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

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	158,925,844	167,668,434	8,742,590
30.2 Preferred stocks .....	.0		.0
30.3 Totals	158,925,844	167,668,434	8,742,590

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

For those securities that had prices in the NAIC SVO ISIS database, those prices were used; for those securities that did not have prices in the NAIC SVO ISIS database, pricing was obtained from HUB which is an external data sources vendor. Hub utilizes various pricing sources. ....

- 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 [ ] No [ X ]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? ..... Yes [ ] No [ ]
- 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:  
<http://www.hubdata.com/HMDWeb/Logon.asp> .....
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? ..... Yes [ X ] No [ ]
- 32.2 If no, list exceptions:  
 .....

## GENERAL INTERROGATORIES

### OTHER

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

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

1 Name	2 Amount Paid

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

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

1 Name	2 Amount Paid

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

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

1 Name	2 Amount Paid

# GENERAL INTERROGATORIES

## PART 2 - HEALTH INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned ..... \$ \_\_\_\_\_ 0

1.62 Total incurred claims ..... \$ \_\_\_\_\_ 0

1.63 Number of covered lives ..... 0

All years prior to most current three years:

1.64 Total premium earned ..... \$ \_\_\_\_\_ 0

1.65 Total incurred claims ..... \$ \_\_\_\_\_ 0

1.66 Number of covered lives ..... 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned ..... \$ \_\_\_\_\_ 0

1.72 Total incurred claims ..... \$ \_\_\_\_\_ 0

1.73 Number of covered lives ..... 0

All years prior to most current three years:

1.74 Total premium earned ..... \$ \_\_\_\_\_ 0

1.75 Total incurred claims ..... \$ \_\_\_\_\_ 0

1.76 Number of covered lives ..... 0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	459,539,159	413,246,570
2.2 Premium Denominator .....	459,539,159	413,246,570
2.3 Premium Ratio (2.1/2.2) .....	1.000	1.000
2.4 Reserve Numerator .....	56,867,740	72,672,612
2.5 Reserve Denominator .....	56,867,740	72,672,612
2.6 Reserve Ratio (2.4/2.5) .....	1.000	1.000

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

3.2 If yes, give particulars:

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

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

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

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical ..... \$ \_\_\_\_\_

5.32 Medical Only ..... \$ \_\_\_\_\_

5.33 Medicare Supplement ..... \$ \_\_\_\_\_

5.34 Dental & Vision ..... \$ \_\_\_\_\_

5.35 Other Limited Benefit Plan ..... \$ \_\_\_\_\_

5.36 Other ..... \$ \_\_\_\_\_

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:  
 Hold harmless clauses in provider agreements and continuation of coverage endorsements in reinsurance agreement .....

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

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year ..... 28,673

8.2 Number of providers at end of reporting year ..... 28,277

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

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months. \$ .....

9.22 Business with rate guarantees over 36 months ..... \$ .....

## GENERAL INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? ..... Yes [  ] No [  ]
- 10.2 If yes:
- |  |    |         |
|--|----|---------|
| 10.21 Maximum amount payable bonuses.....          | \$ | 440,752 |
| 10.22 Amount actually paid for year bonuses.....   | \$ | 224,196 |
| 10.23 Maximum amount payable withholds.....        | \$ | .....   |
| 10.24 Amount actually paid for year withholds..... | \$ | .....   |

- 11.1 Is the reporting entity organized as:
- |  |                                  |  |
|--|----------------------------------|--|
| 11.12 A Medical Group/Staff Model, .....               | Yes [ <input type="checkbox"/> ] | No [ <input checked="" type="checkbox"/> ] |
| 11.13 An Individual Practice Association (IPA), or, .. | Yes [ <input type="checkbox"/> ] | No [ <input checked="" type="checkbox"/> ] |
| 11.14 A Mixed Model (combination of above)? .....      | Yes [ <input type="checkbox"/> ] | No [ <input checked="" type="checkbox"/> ] |
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? ..... Yes [  ] No [  ]
- 11.3 If yes, show the name of the state requiring such net worth. .... Rhode Island
- 11.4 If yes, show the amount required. .... \$ 42,447,185
- 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  
275% of ACL

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

1 Name of Service Area
UnitedHealthcare of New England is licensed in all 5 Rhode Island Counties and all 14 Massachusetts Counties. ....
.....

- 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. .... \$ .....
- 13.3 Do you act as an administrator for health savings accounts? ..... Yes [  ] No [  ]
- 13.4 If yes, please provide the balance of funds administered as of the reporting date. .... \$ .....

**FIVE-YEAR HISTORICAL DATA**

	1 2011	2 2010	3 2009	4 2008	5 2007
<b>Balance Sheet</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28) .....	223,806,371	209,792,661	190,627,636	198,082,242	183,727,302
2. Total liabilities (Page 3, Line 24) .....	86,649,200	100,599,029	72,941,477	72,631,694	64,430,013
3. Statutory surplus .....	42,447,185	38,681,208	37,551,544	34,048,292	32,328,211
4. Total capital and surplus (Page 3, Line 33) .....	137,157,171	109,193,632	117,686,159	125,450,548	119,297,289
<b>Income Statement</b> (Page 4)					
5. Total revenues (Line 8) .....	459,779,148	412,914,834	401,604,484	381,262,406	375,820,901
6. Total medical and hospital expenses (Line 18) .....	394,660,992	353,562,390	345,362,008	310,929,242	296,219,208
7. Claims adjustment expenses (Line 20) .....	13,044,430	19,189,611	8,406,411	6,577,831	6,333,939
8. Total administrative expenses (Line 21) .....	40,357,827	40,400,932	47,735,751	46,358,366	45,415,406
9. Net underwriting gain (loss) (Line 24) .....	32,052,899	(20,575,099)	100,314	18,203,967	27,486,648
10. Net investment gain (loss) (Line 27) .....	6,334,257	7,190,312	6,432,622	7,416,583	8,924,266
11. Total other income (Lines 28 plus 29) .....	(8,977)	3,656	4,361	(19,858)	(20,259)
12. Net income or (loss) (Line 32) .....	33,126,505	(14,928,392)	4,970,700	16,590,687	25,080,619
<b>Cash Flow</b> (Page 6)					
13. Net cash from operations (Line 11) .....	20,729,078	15,741,832	849,159	21,324,302	11,933,292
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital .....	137,157,171	109,193,632	117,686,159	125,450,548	119,297,289
15. Authorized control level risk-based capital .....	15,435,340	14,065,894	13,655,107	12,381,197	11,755,713
<b>Enrollment</b> (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7) .....	70,651	77,245	78,847	92,030	97,380
17. Total members months (Column 6, Line 7) .....	861,476	848,964	954,437	1,117,266	1,263,781
<b>Operating Percentage</b> (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....	85.8	85.6	86.0	81.6	78.8
20. Cost containment expenses .....	2.0	3.5	0.8	0.6	0.4
21. Other claims adjustment expenses .....	0.9	1.1	1.3	1.1	1.3
22. Total underwriting deductions (Line 23) .....	93.0	105.0	100.0	95.2	92.7
23. Total underwriting gain (loss) (Line 24) .....	7.0	(5.0)	0.0	4.8	7.3
<b>Unpaid Claims Analysis</b> (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	28,134,566	29,265,651	31,792,905	34,621,204	37,015,779
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] .....	38,185,999	35,480,014	40,728,243	40,395,448	40,396,152
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) .....	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) .....	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10) .....	0	0	0	0	0
30. Affiliated mortgage loans on real estate .....	0	0	0	0	0
31. All other affiliated .....	0	0	0	0	0
32. Total of above Lines 26 to 31 .....	0	0	0	0	0

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

**SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS**

**Allocated by States and Territories**

States, etc.	1 Active Status	Direct Business Only								
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program 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							0	
2. Alaska	AK	N							0	
3. Arizona	AZ	N							0	
4. Arkansas	AR	N							0	
5. California	CA	N							0	
6. Colorado	CO	N							0	
7. Connecticut	CT	N							0	
8. Delaware	DE	N							0	
9. District of Columbia	DC	N							0	
10. Florida	FL	N							0	
11. Georgia	GA	N							0	
12. Hawaii	HI	N							0	
13. Idaho	ID	N							0	
14. Illinois	IL	N							0	
15. Indiana	IN	N							0	
16. Iowa	IA	N							0	
17. Kansas	KS	N							0	
18. Kentucky	KY	N							0	
19. Louisiana	LA	N							0	
20. Maine	ME	N							0	
21. Maryland	MD	N							0	
22. Massachusetts	MA	L	9,457,251						9,457,251	
23. Michigan	MI	N							0	
24. Minnesota	MN	N							0	
25. Mississippi	MS	N							0	
26. Missouri	MO	N							0	
27. Montana	MT	N							0	
28. Nebraska	NE	N							0	
29. Nevada	NV	N							0	
30. New Hampshire	NH	N							0	
31. New Jersey	NJ	N							0	
32. New Mexico	NM	N							0	
33. New York	NY	N							0	
34. North Carolina	NC	N							0	
35. North Dakota	ND	N							0	
36. Ohio	OH	N							0	
37. Oklahoma	OK	N							0	
38. Oregon	OR	N							0	
39. Pennsylvania	PA	N							0	
40. Rhode Island	RI	L	33,095,009	199,937,490	243,455,404				476,487,903	
41. South Carolina	SC	N							0	
42. South Dakota	SD	N							0	
43. Tennessee	TN	N							0	
44. Texas	TX	N							0	
45. Utah	UT	N							0	
46. Vermont	VT	N							0	
47. Virginia	VA	N							0	
48. Washington	WA	N							0	
49. West Virginia	WV	N							0	
50. Wisconsin	WI	N							0	
51. Wyoming	WY	N							0	
52. American Samoa	AS	N							0	
53. Guam	GU	N							0	
54. Puerto Rico	PR	N							0	
55. U.S. Virgin Islands	VI	N							0	
56. Northern Mariana Islands	MP	N							0	
57. Canada	CN	N							0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		42,552,260	199,937,490	243,455,404	0	0	0	485,945,154	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	
61. Total (Direct Business)	(a) 2		42,552,260	199,937,490	243,455,404	0	0	0	485,945,154	0
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)	XXX		0	0	0	0	0	0	0	0

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

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

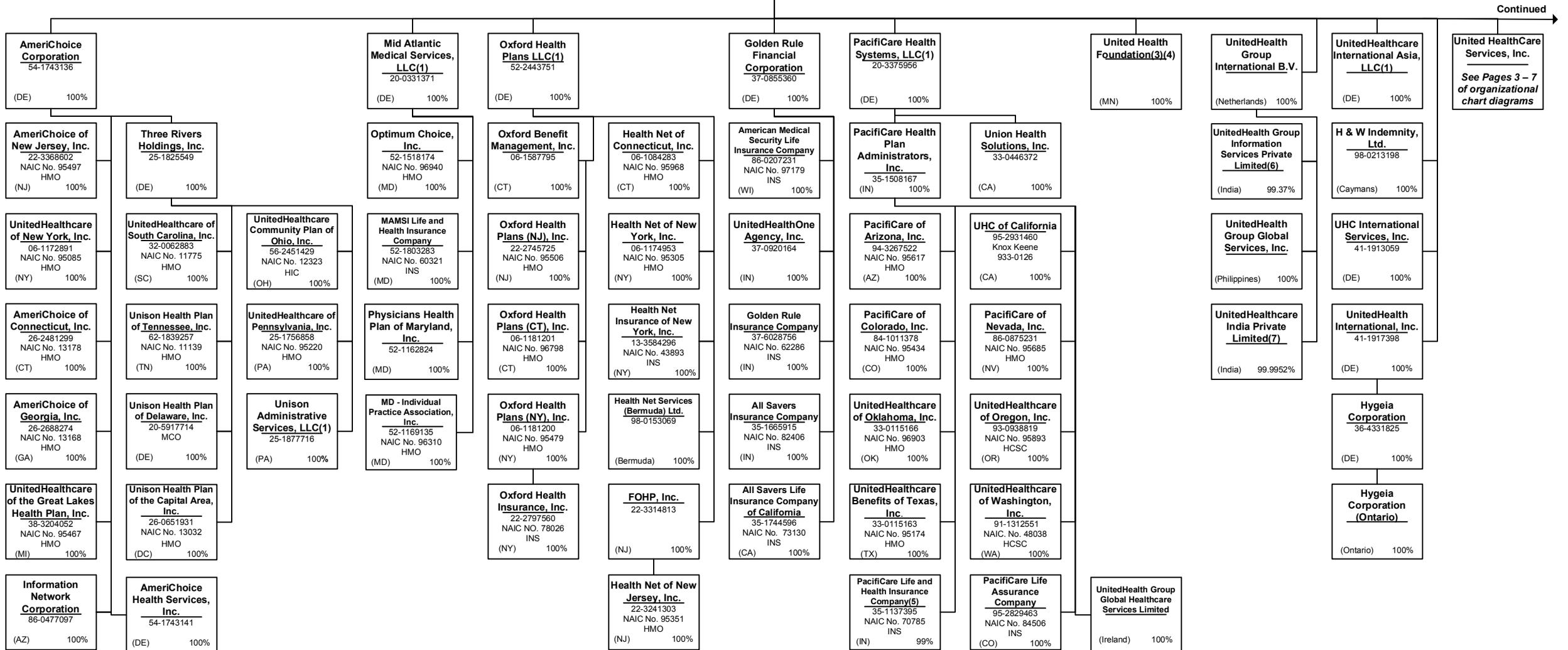
Premiums allocated by state based upon Geographic Market.

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

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

**PART 1 - ORGANIZATIONAL CHART**

**UnitedHealth Group Incorporated**  
(MN) 41-1321939

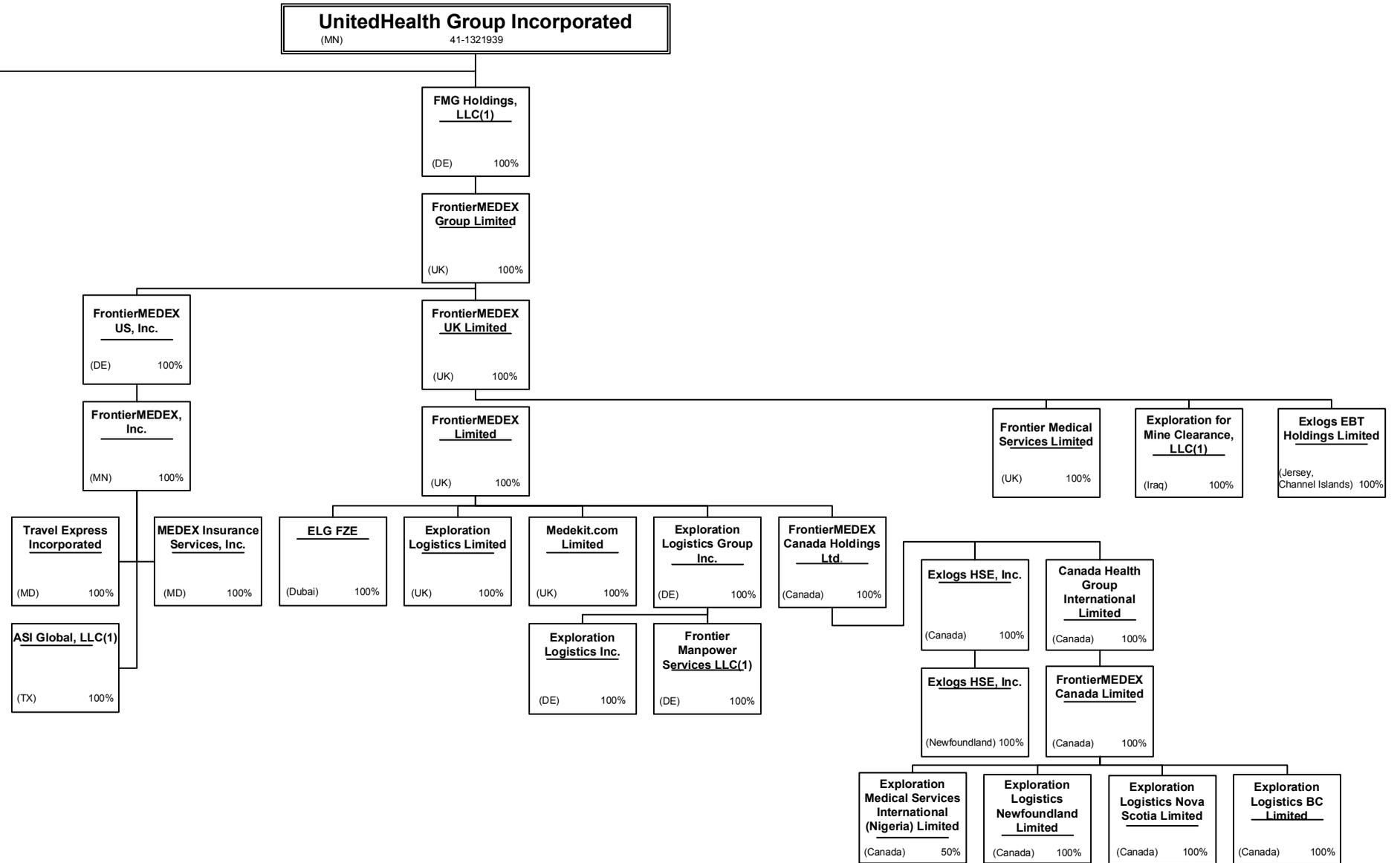


Continued →

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

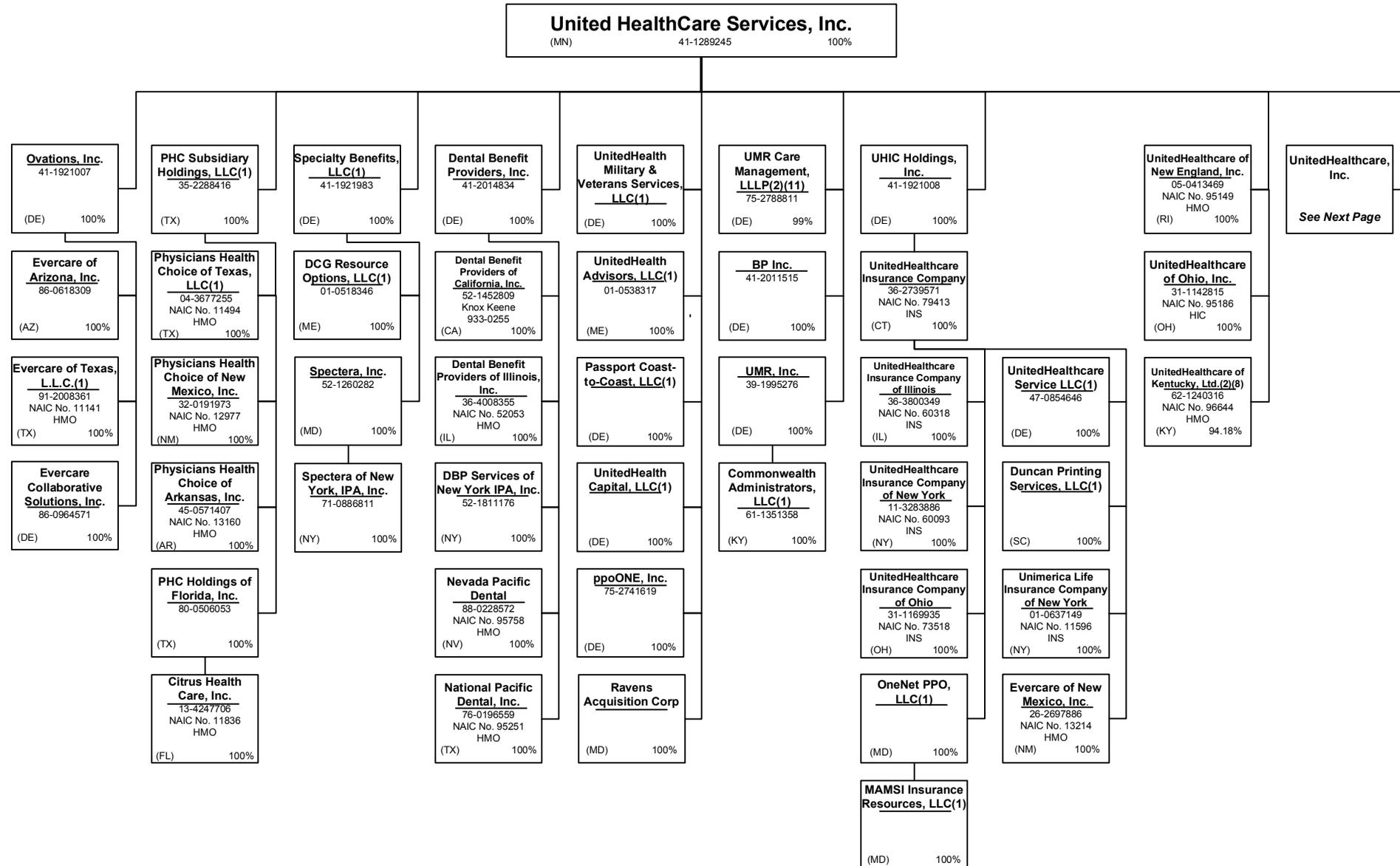
**PART 1 - ORGANIZATIONAL CHART**

Continued From Prior Page



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

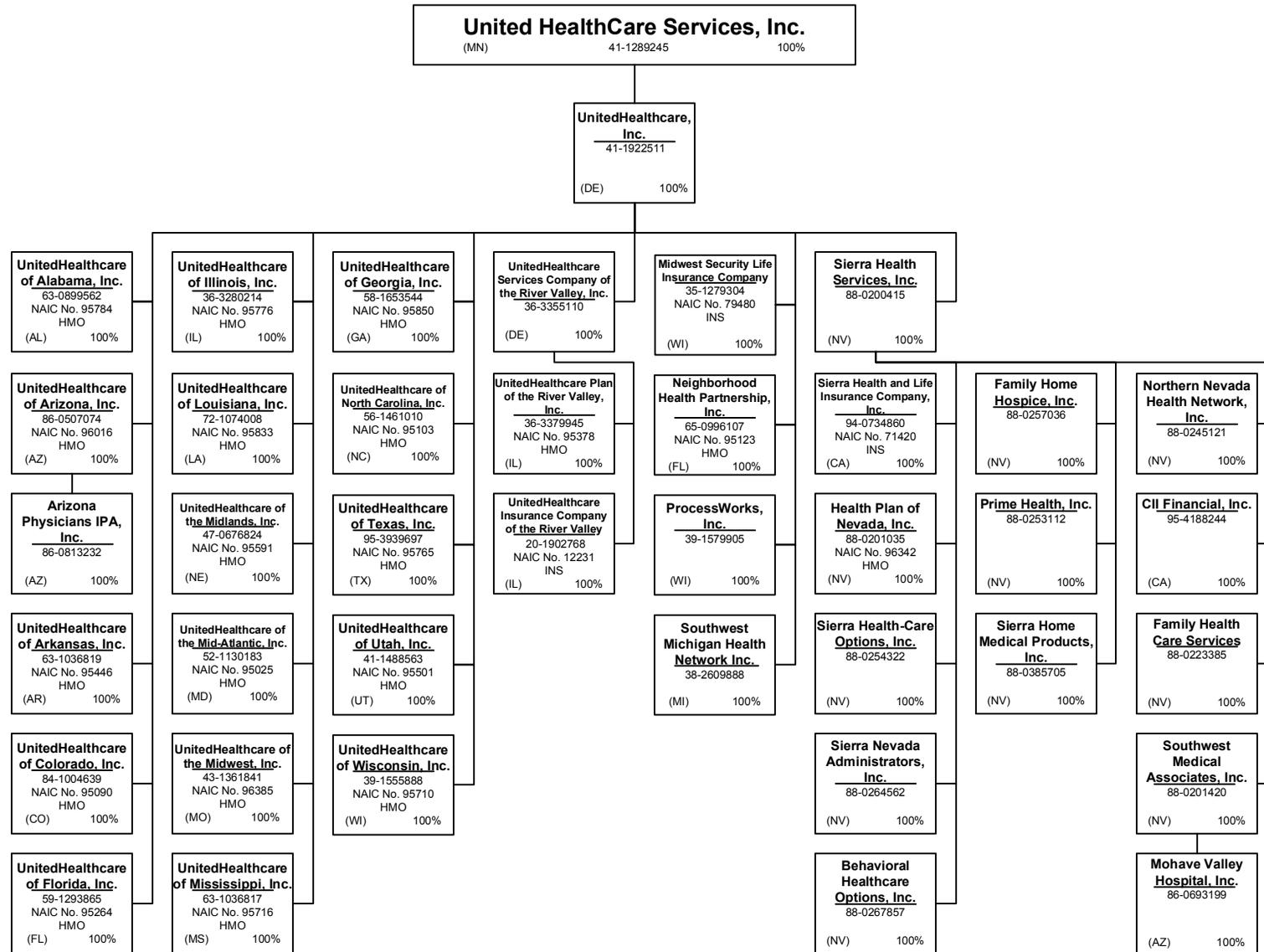
**PART 1 - ORGANIZATIONAL CHART**



38.2

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

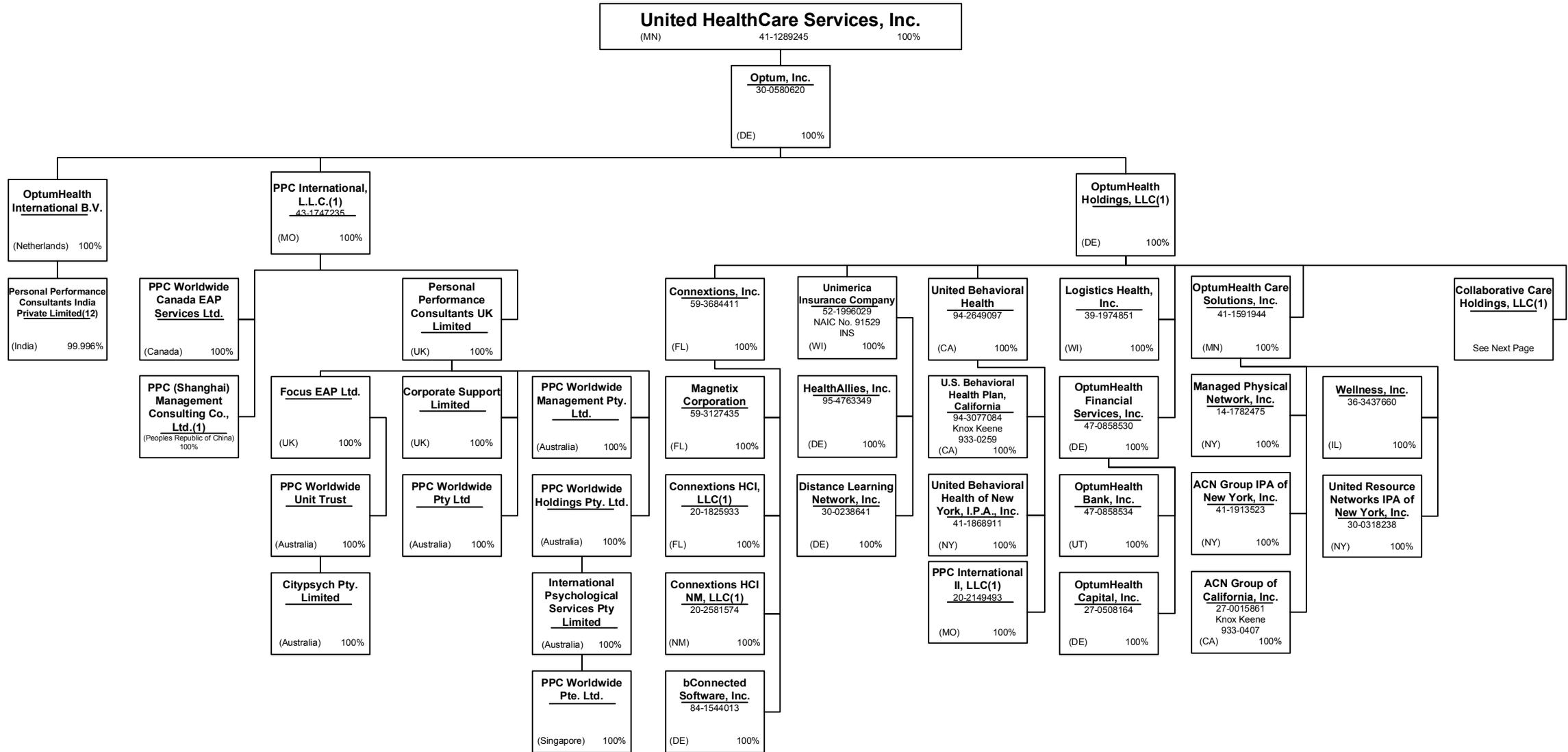
**PART 1 - ORGANIZATIONAL CHART**



38.3

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

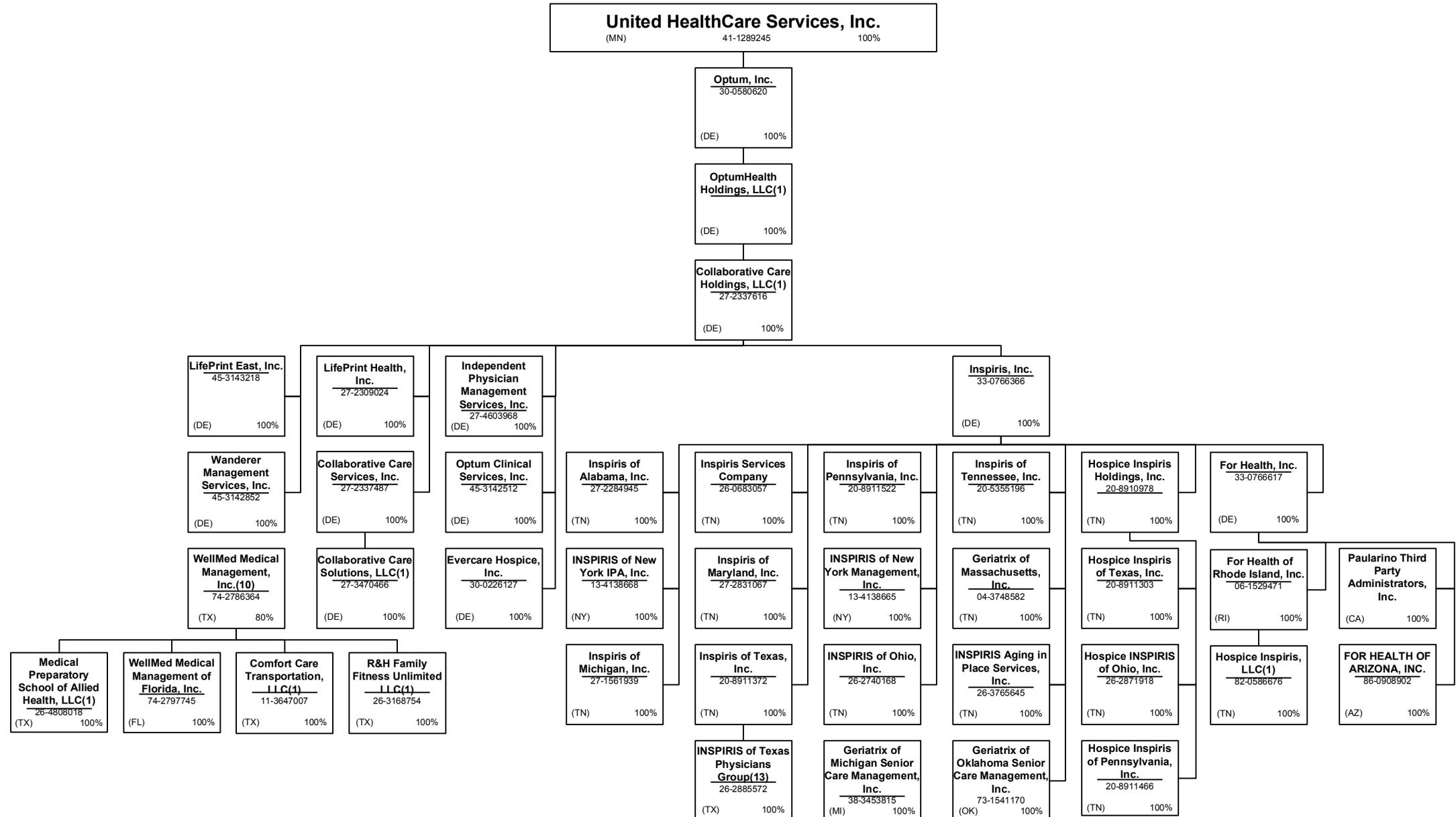
**PART 1 - ORGANIZATIONAL CHART**



38.4

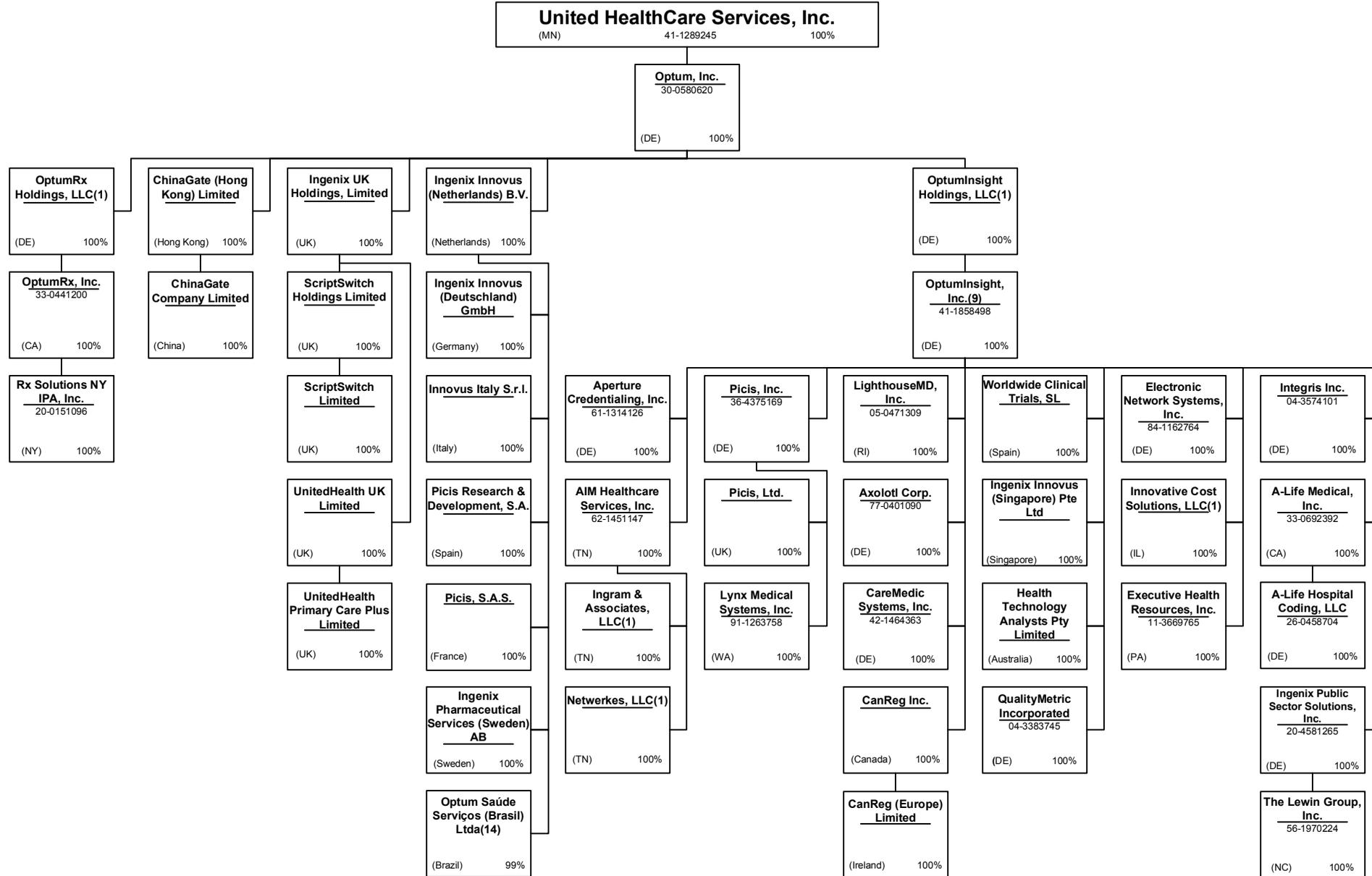
**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

**PART 1 - ORGANIZATIONAL CHART**



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

**PART 1 - ORGANIZATIONAL CHART**



38.6

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

### PART 1 - ORGANIZATIONAL CHART

#### Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

(1) Entity is a Limited Liability Company

(2) Entity is a Partnership

(3) Entity is a Non-Profit Corporation

(4) Control of the Foundation is based on sole membership, not the ownership of voting securities

(5) PacifiCare Life and Health Insurance Company is 99% owned by PacifiCare Health Plan Administrators, Inc. and 1% owned by PacifiCare Health Systems, LLC

(6) UnitedHealth Group Information Services Private Limited is 99.37% owned by UnitedHealth Group International B.V.. The remaining 0.63% is owned by UnitedHealth International, Inc.

(7) United Healthcare India Private Limited is 99.9952% owned by UnitedHealth Group International B.V. and 0.0048% owned by UnitedHealth International, Inc.

(8) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, United HealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83%.

(9) Established a branch, Ingenix, Inc. – Abu Dhabi, located in Abut Dhabi, UAE.

(10) WellMed Medical Management, Inc. is 80% owned by Collaborative Care Holdings, LLC and 20% owned by WMG Healthcare Partners, L.P.

(11) Limited partnership interest is held by United HealthCare Services, Inc. (99%). General partnership interest is held by UMR, Inc. (1%)

(12) Personal Performance Consultants India Private Limited is 99.996% owned by OptumHealth International B.V. and 0.004 % owned by United Behavioral Health.

(13) INSPIRIS of Texas Physicians Group is a Texas non-profit (taxable) whose sole member is Inspiris of Texas, Inc.

(14) Optum Saúde Serviços (Brasil) Ltda. Is 99% owned by Ingenix Innovus (Netherlands) B.V. The remaining 1% is owned by OptumInsight, Inc.

**OVERFLOW PAGE FOR WRITE-INS**

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 25

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
2504. 25.04 Miscellaneous Losses .....	4,340	1,940	304,087	0	310,367
2505. 25.06 Sundry General Expenses .....	22,480	10,051	84,490	0	117,021
2506. 25.08 Reimbursement of Expenses from Reinsurers .....	0	0	(3,668,050)	0	(3,668,050)
2597. Summary of remaining write-ins for Line 25 from overflow page	26,820	11,991	(3,279,473)	0	(3,240,662)

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