

**ANNUAL STATEMENT**

**OF THE**

**BLUE CROSS & BLUE SHIELD OF RHODE ISLAND**

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**of PROVIDENCE COUNTY**

**in the state of RHODE ISLAND**

**TO THE**

**Insurance Department**

**OF THE**

**RHODE ISLAND**

**FOR THE YEAR ENDED**

**December 31, 2014**

**HEALTH**

**2014**



53473201420100100

# ANNUAL STATEMENT

For the Year Ended December 31, 2014  
OF THE CONDITION AND AFFAIRS OF THE

## BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 53473 Employer's ID Number 05-0158952

Organized under the Laws of STATE OF RHODE ISLAND, State of Domicile or Port of Entry RHODE ISLAND

Country of Domicile UNITED STATES

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ X ]  
 Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [ ]  
 Other [ ] Is HMO Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized February 27, 1939 Commenced Business September 1, 1939

Statutory Home Office 500 EXCHANGE STREET, PROVIDENCE, RI, US 02903  
 (Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 500 EXCHANGE STREET (Street and Number)  
PROVIDENCE, RI, US 02903 (City or Town, State, Country and Zip Code)  
401-459-1000 (Area Code) (Telephone Number)

Mail Address 500 EXCHANGE STREET, PROVIDENCE, RI, US 02903  
 (Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 500 EXCHANGE STREET PROVIDENCE, RI, US 02903 401-459-1000  
 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.bcbsri.com

Statutory Statement Contact BRIAN M. O'MALLEY 401-459-1924  
 (Name) (Area Code) (Telephone Number) (Extension)  
BRIAN.O'MALLEY@BCBSRI.ORG 401-459-1198  
 (E-Mail Address) (Fax Number)

### OFFICERS

	Name	Title
1.	<u>PETER ANDRUSZKIEWICZ</u>	<u>PRESIDENT &amp; CEO</u>
2.	<u>MICHELE B. LEDERBERG</u>	<u>EVP. &amp; GEN. COUNSEL</u>
3.	<u>MICHAEL W. HUDSON</u>	<u>EXECUTIVE VICE PRESIDENT &amp; CFO</u>

### VICE-PRESIDENTS

Name	Title	Name	Title
<u>CHRISTOPHER G. BUSH</u>	<u>VP - UNDERWRITING</u>	<u>MELISSA CUMMINGS #</u>	<u>SVP - CHIEF CUSTOMER OFFICER</u>
<u>JEREMY DUNCAN</u>	<u>VP - COMMUNICATIONS</u>	<u>PAUL HANLON</u>	<u>SVP - CHIEF INFORMATION OFFICER</u>
<u>ERIK HELMS</u>	<u>VP - PROV NET &amp; MED ECONOMICS</u>	<u>MARC HUDAK</u>	<u>VP - CARE INNOVAT. &amp; INTEGRATION</u>
<u>RICHARD KROPP #</u>	<u>SVP - CHIEF HUMAN RESOURCES OFFIC</u>	<u>RICHARD H. KRUPSKI #</u>	<u>VP - EMPLOYER SEGMENT</u>
<u>AUGUSTINE A. MANOCCHIA M.D.</u>	<u>SVP - CHIEF MEDICAL OFFICER</u>	<u>COREY R. MCCARTY #</u>	<u>VP - CONSUMER SEGMENT</u>
<u>MONICA A. NERONHA</u>	<u>VP - LEGAL SERVICES</u>	<u>BRIAN M. O'MALLEY</u>	<u>VP - FINANCE</u>
<u>VISAEL RODRIGUEZ</u>	<u>VP - CHIEF DIVERSITY OFFICER</u>	<u>MARK D. WAGGONER</u>	<u>SVP - CARE INTEGRATION &amp; MGMT</u>
<u>WILLIAM K. WRAY</u>	<u>CHIEF OPERATING OFFICER</u>		

### DIRECTORS OR TRUSTEES

<u>DENISE A. BARGE</u>	<u>FREDRIC V. CHRISTIAN M.D.</u>	<u>MICHAEL DICHIRO #</u>	<u>SCOTT GUNN #</u>
<u>JAMES A. HARRINGTON</u>	<u>PETER C. HAYES</u>	<u>JUANA I. HORTON</u>	<u>ELIZABETH B. LANGE M.D.</u>
<u>JOHN C. LANGENUS</u>	<u>WARREN E. LICHT M.D.</u>	<u>JOHN P. MAGUIRE</u>	<u>ROBERT G. NORTON</u>
<u>PAUL PORTER M.D. #</u>	<u>ANNE E. POWERS</u>	<u>MERRILL SHERMAN</u>	<u>RANDY A. WYROFSKY</u>

State of RHODE ISLAND  
 County of PROVIDENCE ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of 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>PETER ANDRUSZKIEWICZ</u> (Signature) PETER ANDRUSZKIEWICZ (Printed Name) 1. PRESIDENT & CEO (Title)	<u>MICHELE B. LEDERBERG</u> (Signature) MICHELE B. LEDERBERG (Printed Name) 2. EVP. & GEN. COUNSEL (Title)	<u>MICHAEL W. HUDSON</u> (Signature) MICHAEL W. HUDSON (Printed Name) 3. EXECUTIVE VICE PRESIDENT & CFO (Title)
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Subscribed and sworn to (or affirmed) before me this on this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by \_\_\_\_\_

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

## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	258,711,462		258,711,462	235,571,935
2. Stocks (Schedule D):				
2.1 Preferred stocks				485,240
2.2 Common stocks	68,115,314		68,115,314	76,820,432
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 76,287,888 encumbrances)	34,089,467		34,089,467	33,044,149
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ (2,591,115), Schedule E - Part 1), cash equivalents (\$ 212,745, Schedule E - Part 2), and short-term investments (\$ 9,616,486, Schedule DA)	7,238,114		7,238,114	36,821,272
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	85,786,452		85,786,452	98,399,476
9. Receivables for securities	369		369	369
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	453,941,178		453,941,178	481,142,873
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,333,067		1,333,067	1,318,434
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	58,477,351	1,727,444	56,749,907	53,839,905
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums	327,725	327,725		184,580
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	19,602,994		19,602,994	441,339
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	39,035,780		39,035,780	24,495,947
18.1 Current federal and foreign income tax recoverable and interest thereon				126,672
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	136,390,677	134,258,210	2,132,467	1,951,529
21. Furniture and equipment, including health care delivery assets (\$ 0)	5,223,024	5,223,024		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$ 16,357,024) and other amounts receivable	17,426,362	1,069,338	16,357,024	14,323,933
25. Aggregate write-ins for other-than-invested assets	114,581,620	89,122,207	25,459,413	23,640,685
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	846,339,778	231,727,948	614,611,830	601,465,897
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	846,339,778	231,727,948	614,611,830	601,465,897

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. PREPAID EXPENSES	88,668,724	88,668,724		
2502. OTHER RECEIVABLES	17,080,011		17,080,011	13,859,284
2503. FEP UNPAID CLAIMS	8,133,577		8,133,577	9,530,000
2598. Summary of remaining write-ins for Line 25 from overflow page	699,308	453,483	245,825	251,401
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	114,581,620	89,122,207	25,459,413	23,640,685

NONE

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	129,163,491		129,163,491	134,783,138
2. Accrued medical incentive pool and bonus amounts	12,502,678		12,502,678	3,455,014
3. Unpaid claims adjustment expenses	24,857,394		24,857,394	20,860,391
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Services Act	20,813,907		20,813,907	23,251,448
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves	3,711,000		3,711,000	1,569,000
8. Premiums received in advance	25,785,400		25,785,400	19,473,223
9. General expenses due or accrued	42,171,504		42,171,504	30,551,320
10.1. Current federal and foreign income tax payable and interest thereon (including \$ 39,020 on realized gains (losses))	123,816		123,816	
10.2. Net deferred tax liability				
11. Ceded reinsurance premiums payable	182,710		182,710	261,909
12. Amounts withheld or retained for the account of others	553,097		553,097	1,549,903
13. Remittances and items not allocated	226,934		226,934	1,255,537
14. Borrowed money (including \$ 50,000,000 current) and interest thereon \$ 52,150 (including \$ 52,150 current)	50,052,150		50,052,150	35,022,954
15. Amounts due to parent, subsidiaries and affiliates				
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)				
20. Reinsurance in unauthorized and certified \$ ( 0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	25,632,500		25,632,500	19,962,979
23. Aggregate write-ins for other liabilities (including \$ 11,336,588 current)	14,789,812		14,789,812	21,867,881
24. Total liabilities (Lines 1 to 23)	350,566,393		350,566,393	313,864,697
25. Aggregate write-ins for special surplus funds	X X X	X X X	29,900,000	
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	234,145,437	287,601,200
32. Less treasury stock, at cost:				
32.1 0 shares common (value included in Line 26 \$ 0)	X X X	X X X		
32.2 0 shares preferred (value included in Line 27 \$ 0)	X X X	X X X		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	264,045,437	287,601,200
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	614,611,830	601,465,897

DETAILS OF WRITE-IN LINES				
2301. OTHER ACCOUNTS PAYABLE	6,641,622		6,641,622	7,869,804
2302. ACCRUED CAPITAL EXPENSES	4,582,024		4,582,024	6,383,197
2303. UNFUNDED ACCUMULATED BENEFIT OBLIGATION	3,400,144		3,400,144	3,623,488
2398. Summary of remaining write-ins for Line 23 from overflow page	166,022		166,022	3,991,392
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	14,789,812		14,789,812	21,867,881
2501. PPACA HEALTH INSURER FEE 2015	X X X	X X X	29,900,000	
2502. ....	X X X	X X X		
2503. ....	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X	29,900,000	
3001. ....	X X X	X X X		
3002. ....	X X X	X X X		
3003. ....	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

NONE

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	4,663,066	4,144,418
2. Net premium income (including \$ 0 non-health premium income)	X X X	1,644,025,009	1,539,968,331
3. Change in unearned premium reserves and reserve for rate credits	X X X	(3,486,234)	(2,252,284)
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	1,640,538,775	1,537,716,047
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits		993,630,154	915,777,713
10. Other professional services		24,055,081	22,736,743
11. Outside referrals			
12. Emergency room and out-of-area		143,776,258	161,384,813
13. Prescription drugs		201,748,218	172,887,965
14. Aggregate write-ins for other hospital and medical		45,718,219	44,179,792
15. Incentive pool, withhold adjustments and bonus amounts		14,464,647	5,551,966
16. Subtotal (Lines 9 to 15)		1,423,392,577	1,322,518,992
<b>Less:</b>			
17. Net reinsurance recoveries		19,368,632	
18. Total hospital and medical (Lines 16 minus 17)		1,404,023,945	1,322,518,992
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 22,496,729 cost containment expenses		69,757,462	69,234,306
21. General administrative expenses		177,260,045	145,715,432
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		1,651,041,452	1,537,468,730
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(10,502,677)	247,317
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,896,831	8,235,632
26. Net realized capital gains (losses) less capital gains tax of \$ 0		12,621,595	13,803,292
27. Net investment gains (losses) (Lines 25 plus 26)		14,518,426	22,038,924
28. Net gain or (loss) from agents' or premium balances charged off [ (amount recovered \$ 0) (amount charged off \$ 0) ]			
29. Aggregate write-ins for other income or expenses		(3,789,752)	(416,416)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	225,997	21,869,825
31. Federal and foreign income taxes incurred	X X X	112,763	121,131
32. Net income (loss) (Lines 30 minus 31)	X X X	113,234	21,748,694

DETAILS OF WRITE-IN LINES			
0601.		X X X	
0602.		X X X	
0603.		X X X	
0698. Summary of remaining write-ins for Line 06 from overflow page		X X X	
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)		X X X	
0701.		X X X	
0702.		X X X	
0703.		X X X	
0798. Summary of remaining write-ins for Line 07 from overflow page		X X X	
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)		X X X	
1401. MENTAL HEALTH			45,718,219
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			45,718,219
2901. GOOD HEALTH BENEFIT REVENUE			2,861,002
2902. OTHER INCOME (NOTE RECEIVABLE)			6,167
2903. INVESTMENT EXPENSE (PREMIUM ASSISTANCE PROGRAM)			(56,989)
2998. Summary of remaining write-ins for Line 29 from overflow page			(6,656,921)
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)			(3,789,752)

## STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year	287,601,200	260,183,455
34. Net income or (loss) from Line 32	113,234	21,748,694
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	(8,168,033)	13,119,993
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(13,179,492)	(8,470,616)
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	(2,321,472)	1,019,674
48. Net change in capital and surplus (Lines 34 to 47)	(23,555,763)	27,417,745
49. Capital and surplus end of reporting year (Line 33 plus 48)	264,045,437	287,601,200

DETAILS OF WRITE-IN LINES		
4701. ADDITIONAL PENSION MINIMUM LIABILITY		(3,623,489)
4702. CHANGE IN OTHER COMPREHENSIVE INCOME	(308,990)	
4703. CHANGE IN UNRECOGNIZED PRIOR SERVICE COST	(2,012,482)	4,643,163
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	(2,321,472)	1,019,674

## CASH FLOW

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	1,630,249,602	1,538,689,131
2. Net investment income	3,938,011	10,993,107
3. Miscellaneous income	(3,725,272)	(3,178,418)
4. Total (Lines 1 through 3)	1,630,462,341	1,546,503,820
5. Benefit and loss related payments	1,478,971,453	1,373,822,881
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	165,639,862	149,340,914
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(73,250)	550,000
10. Total (Lines 5 through 9)	1,644,538,065	1,523,713,795
11. Net cash from operations (Line 4 minus Line 10)	(14,075,724)	22,790,025
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	80,559,822	219,963,524
12.2 Stocks	37,016,066	27,801,676
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	58,579,434	307,835
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	(3,106,550)	(2,933,265)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	173,048,772	245,139,770
13. Cost of investments acquired (long-term only):		
13.1 Bonds	104,485,618	153,252,098
13.2 Stocks	26,133,273	35,979,052
13.3 Mortgage loans		
13.4 Real estate	426,185	193,483
13.5 Other invested assets	44,474,828	49,127,699
13.6 Miscellaneous applications	24,850,632	23,961,372
13.7 Total investments acquired (Lines 13.1 to 13.6)	200,370,536	262,513,704
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(27,321,764)	(17,373,934)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds	15,029,196	(1,651)
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(3,214,866)	9,614,708
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	11,814,330	9,613,057
<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)	(29,583,158)	15,029,148
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	36,821,272	21,792,124
19.2 End of year (Line 18 plus Line 19.1)	7,238,114	36,821,272

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

20.0001		
20.0002		
20.0003		

### 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	1,644,025,009	937,592,599	55,333,582	31,380,852		115,823,566	482,573,437		21,320,973	
2. Change in unearned premium reserves and reserve for rate credit	(3,486,234)					(3,486,234)				
3. Fee-for-service (net of \$ 0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. Total revenues (Lines 1 to 6)	1,640,538,775	937,592,599	55,333,582	31,380,852		112,337,332	482,573,437		21,320,973	
8. Hospital/medical benefits	993,630,154	524,514,234	45,902,910			77,148,882	345,228,565		835,563	X X X
9. Other professional services	24,055,081			24,055,081						X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	143,776,258	96,715,695					46,940,071		120,492	X X X
12. Prescription drugs	201,748,218	119,952,136				24,199,762	45,989,069		11,607,251	X X X
13. Aggregate write-ins for other hospital and medical	45,718,219	37,285,361					8,432,858			X X X
14. Incentive pool, withhold adjustments and bonus amounts	14,464,647	9,708,370					4,756,277			X X X
15. Subtotal (Lines 8 to 14)	1,423,392,577	788,175,796	45,902,910	24,055,081		101,348,644	451,346,840		12,563,306	X X X
16. Net reinsurance recoveries	19,368,632	19,368,632								X X X
17. Total hospital and medical (Lines 15 minus 16)	1,404,023,945	768,807,164	45,902,910	24,055,081		101,348,644	451,346,840		12,563,306	X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$ 22,496,729 cost containment expenses	69,757,462	39,469,743	2,779,723	1,816,633		3,367,347	21,604,452		719,564	
20. General administrative expenses	177,260,045	116,793,010	4,950,320	3,637,850		6,023,677	44,376,496		1,478,692	
21. Increase in reserves for accident and health contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Lines 17 to 22)	1,651,041,452	925,069,917	53,632,953	29,509,564		110,739,668	517,327,788		14,761,562	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(10,502,677)	12,522,682	1,700,629	1,871,288		1,597,664	(34,754,351)		6,559,411	

DETAILS OF WRITE-IN LINES										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 05 from overflow page										X X X
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)										X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 06 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301. MENTAL HEALTH	45,718,219	37,285,361					8,432,858			X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	45,718,219	37,285,361					8,432,858			X X X

## 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) .....	939,469,745		1,877,146	937,592,599
2. Medicare Supplement .....	55,333,582			55,333,582
3. Dental only .....	31,380,852			31,380,852
4. Vision only .....				
5. Federal Employees Health Benefits Plan .....	112,337,332			112,337,332
6. Title XVIII – Medicare .....	482,573,437			482,573,437
7. Title XIX – Medicaid .....				
8. Other health .....	24,013,586		2,692,613	21,320,973
9. Health subtotal (Lines 1 through 8) .....	1,645,108,534		4,569,759	1,640,538,775
10. Life .....				
11. Property/casualty .....				
12. Totals (Lines 9 to 11) .....	1,645,108,534		4,569,759	1,640,538,775

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	1,443,347,995	808,082,925	46,047,291	24,105,081		101,600,185	450,967,044		12,545,469	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	19,368,632	19,368,632								
1.4 Net	1,423,979,363	788,714,293	46,047,291	24,105,081		101,600,185	450,967,044		12,545,469	
2. Paid medical incentive pools and bonuses	5,416,983	4,207,962					1,209,021			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	129,163,491	69,884,852	6,653,000	1,442,000		9,290,938	40,521,622		1,371,079	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	129,163,491	69,884,852	6,653,000	1,442,000		9,290,938	40,521,622		1,371,079	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	3,711,000	3,711,000								
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	3,711,000	3,711,000								
5. Accrued medical incentive pools and bonuses, current year	12,502,678	8,298,969					4,203,709			
6. Net healthcare receivables (a)	30,942,418	21,916,043	19,382				9,006,993			
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	134,783,138	79,726,306	6,778,000	1,492,000		9,542,479	35,891,110		1,353,243	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	134,783,138	79,726,306	6,778,000	1,492,000		9,542,479	35,891,110		1,353,243	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	1,569,000	1,569,000								
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net	1,569,000	1,569,000								
10. Accrued medical incentive pools and bonuses, prior year	3,455,014	2,798,561					656,453			
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	1,408,927,930	778,467,428	45,902,909	24,055,081		101,348,644	446,590,563		12,563,305	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	19,368,632	19,368,632								
12.4 Net	1,389,559,298	759,098,796	45,902,909	24,055,081		101,348,644	446,590,563		12,563,305	
13. Incurred medical incentive pools and bonuses	14,464,647	9,708,370					4,756,277			

(a) Excludes \$ 0 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	50,660,203	30,720,742	452,404	605,640		2,434,226	15,076,112		1,371,079	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	50,660,203	30,720,742	452,404	605,640		2,434,226	15,076,112		1,371,079	
2. Incurred but Unreported:										
2.1 Direct	78,503,288	39,164,110	6,200,596	836,360		6,856,712	25,445,510			
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	78,503,288	39,164,110	6,200,596	836,360		6,856,712	25,445,510			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	129,163,491	69,884,852	6,653,000	1,442,000		9,290,938	40,521,622		1,371,079	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	129,163,491	69,884,852	6,653,000	1,442,000		9,290,938	40,521,622		1,371,079	

**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 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	77,513,005	711,201,288	948,801	72,647,051	78,461,806	93,029,940
2. Medicare Supplement	7,149,240	38,898,051	175,655	6,477,345	7,324,895	6,857,565
3. Dental only	1,285,508	22,819,573	(4,239)	1,446,239	1,281,269	1,492,000
4. Vision only						
5. Federal Employees Health Benefits Plan	13,113,713	88,486,472	216,580	9,074,358	13,330,293	9,542,479
6. Title XVIII – Medicare	27,484,274	423,482,770	876,238	39,645,384	28,360,512	38,799,880
7. Title XIX – Medicaid						
8. Other health	1,520,351	11,025,118	129,629	1,241,450	1,649,980	1,353,243
9. Health subtotal (Lines 1 to 8)	128,066,091	1,295,913,272	2,342,664	130,531,827	130,408,755	151,075,107
10. Health care receivables (a)	13,914,817	17,027,601			13,914,817	14,722,969
11. Other non-health						
12. Medical incentive pools and bonus amounts	4,956,964	460,019	255,750	12,246,928	5,212,714	3,455,014
13. Totals (Lines 9 - 10 + 11 + 12)	119,108,238	1,279,345,690	2,598,414	142,778,755	121,706,652	139,807,152

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

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
**(000 Omitted)**  
**Hospital & Medical**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	848,695	848,453	848,195	848,081	848,180
2. 2010	791,064	837,053	837,065	837,054	837,073
3. 2011	X X X	770,841	829,118	829,121	828,955
4. 2012	X X X	X X X	768,610	835,757	836,917
5. 2013	X X X	X X X	X X X	749,299	804,217
6. 2014	X X X	X X X	X X X	X X X	711,201

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	848,695	848,453	848,195	848,081	848,180
2. 2010	791,064	837,053	837,065	837,054	837,073
3. 2011	X X X	770,841	829,118	829,121	828,955
4. 2012	X X X	X X X	768,610	835,757	836,917
5. 2013	X X X	X X X	X X X	749,299	805,296
6. 2014	X X X	X X X	X X X	X X X	792,017

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2010	994,471	837,073			837,073	84.173			837,073	84.173
2. 2011	984,153	828,955			828,955	84.230			828,955	84.230
3. 2012	968,153	836,917			836,917	86.445			836,917	86.445
4. 2013	959,122	804,217	18,212	2.265	822,429	85.748	1,079	181	823,689	85.879
5. 2014	937,593	711,201	18,212	2.561	729,413	77.796	80,816	13,586	823,815	87.865

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
 (000 Omitted)  
**Medicare Supplement**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	34,284	34,439	34,412	34,409	34,508
2. 2010	39,131	43,553	43,562	43,556	43,575
3. 2011	X X X	36,294	42,480	42,514	42,680
4. 2012	X X X	X X X	37,499	43,404	44,564
5. 2013	X X X	X X X	X X X	37,601	43,900
6. 2014	X X X	X X X	X X X	X X X	38,898

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	34,284	34,439	34,412	34,409	34,508
2. 2010	39,131	43,553	43,562	43,556	43,575
3. 2011	X X X	36,294	42,480	42,514	42,680
4. 2012	X X X	X X X	37,499	43,404	44,564
5. 2013	X X X	X X X	X X X	37,601	44,076
6. 2014	X X X	X X X	X X X	X X X	45,375

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**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2010	49,155	43,575			43,575	88.648			43,575	88.648
2. 2011	52,710	42,680			42,680	80.971			42,680	80.971
3. 2012	53,964	44,564			44,564	82.581			44,564	82.581
4. 2013	54,736	43,900	1,063	2.421	44,963	82.145	176	21	45,160	82.505
5. 2014	55,334	38,898	1,063	2.733	39,961	72.218	6,477	783	47,221	85.338

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
**(000 Omitted)**  
**Dental Only**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	27,214	27,221	26,584	26,584	26,584
2. 2010	25,341	26,583	22,786	22,785	22,785
3. 2011	X X X	21,387	22,751	22,753	22,753
4. 2012	X X X	X X X	21,354	23,401	23,401
5. 2013	X X X	X X X	X X X	21,214	22,515
6. 2014	X X X	X X X	X X X	X X X	22,820

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	27,214	27,221	26,584	26,584	26,584
2. 2010	25,341	26,583	22,786	22,785	22,785
3. 2011	X X X	21,387	22,751	22,753	22,753
4. 2012	X X X	X X X	21,354	23,401	23,401
5. 2013	X X X	X X X	X X X	21,214	22,511
6. 2014	X X X	X X X	X X X	X X X	24,266

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**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2010	28,647	22,785			22,785	79.537			22,785	79.537
2. 2011	27,947	22,753			22,753	81.415			22,753	81.415
3. 2012	28,711	23,401			23,401	81.505			23,401	81.505
4. 2013	27,887	22,515	557	2.474	23,072	82.734	(4)	(1)	23,067	82.716
5. 2014	31,381	22,820	557	2.441	23,377	74.494	1,446	422	25,245	80.447

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
 (000 Omitted)  
 Vision Only

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior					
2. 2010					
3. 2011	XXX				
4. 2012	XXX	XXX			
5. 2013	XXX	XXX	XXX		
6. 2014	XXX	XXX	XXX	XXX	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior					
2. 2010					
3. 2011	XXX				
4. 2012	XXX	XXX			
5. 2013	XXX	XXX	XXX		
6. 2014	XXX	XXX	XXX	XXX	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2010										
2. 2011										
3. 2012										
4. 2013										
5. 2014										

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Fed Emp Health Benefits Plan**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	92,533	92,567	92,569	92,558	92,556
2. 2010	87,691	94,835	94,731	94,590	94,582
3. 2011	X X X	86,814	86,710	86,777	86,841
4. 2012	X X X	X X X	85,195	93,826	93,875
5. 2013	X X X	X X X	X X X	82,306	95,316
6. 2014	X X X	X X X	X X X	X X X	88,486

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	92,533	92,567	92,569	92,558	92,556
2. 2010	87,692	94,835	94,731	94,590	94,582
3. 2011	X X X	86,814	86,710	86,777	86,841
4. 2012	X X X	X X X	85,195	93,826	93,875
5. 2013	X X X	X X X	X X X	82,306	95,533
6. 2014	X X X	X X X	X X X	X X X	97,560

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**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2010	100,990	94,582			94,582	93.655			94,582	93.655
2. 2011	101,949	86,841			86,841	85.181			86,841	85.181
3. 2012	101,536	93,875			93,875	92.455			93,875	92.455
4. 2013	97,717	95,316	2,346	2.461	97,662	99.944	217	41	97,920	100.208
5. 2014	112,337	88,486	2,346	2.651	90,832	80.857	9,074	1,732	101,638	90.476

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
**(000 Omitted)**  
**Title XVIII - Medicare**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	375,778	375,414	375,380	375,353	375,361
2. 2010	317,255	339,653	339,500	339,436	339,390
3. 2011	X X X	323,949	346,962	346,932	346,984
4. 2012	X X X	X X X	327,525	352,590	352,741
5. 2013	X X X	X X X	X X X	307,683	329,385
6. 2014	X X X	X X X	X X X	X X X	423,483

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	375,778	375,414	375,380	375,353	375,361
2. 2010	317,255	339,653	339,500	339,436	339,390
3. 2011	X X X	323,949	346,962	346,932	346,984
4. 2012	X X X	X X X	327,525	352,590	352,741
5. 2013	X X X	X X X	X X X	307,683	330,387
6. 2014	X X X	X X X	X X X	X X X	467,206

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2010	396,335	339,390			339,390	85.632			339,390	85.632
2. 2011	382,919	346,984			346,984	90.616			346,984	90.616
3. 2012	384,938	352,741			352,741	91.636			352,741	91.636
4. 2013	376,712	329,385	10,413	3.161	339,798	90.201	1,002	176	340,976	90.514
5. 2014	482,573	423,483	10,413	2.459	433,896	89.913	43,723	7,696	485,315	100.568

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
**(000 Omitted)**  
**Title XIX - Medicaid**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	41,662	41,689	41,675	41,673	41,660
2. 2010	36,632	37,571	37,557	37,569	37,570
3. 2011	XXX				
4. 2012	XXX	XXX			
5. 2013	XXX	XXX	XXX		
6. 2014	XXX	XXX	XXX	XXX	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	41,662	41,689	41,675	41,673	41,660
2. 2010	36,632	37,571	37,557	37,569	37,570
3. 2011	XXX				
4. 2012	XXX	XXX			
5. 2013	XXX	XXX	XXX		
6. 2014	XXX	XXX	XXX	XXX	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2010	42,312	37,570			37,570	88.793			37,570	88.793
2. 2011	(228)									
3. 2012	3									
4. 2013										
5. 2014										

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
**(000 Omitted)**  
**Other**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	11,928	11,928	11,928	11,928	11,928
2. 2010	14,331	15,351	15,351	15,351	15,351
3. 2011	X X X	12,459	13,313	13,654	13,654
4. 2012	X X X	X X X	12,800	13,895	13,895
5. 2013	X X X	X X X	X X X	12,769	14,289
6. 2014	X X X	X X X	X X X	X X X	11,025

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2010	2 2011	3 2012	4 2013	5 2014
1. Prior	11,928	11,928	11,928	11,928	11,928
2. 2010	14,331	15,351	15,351	15,351	13,351
3. 2011	X X X	12,459	13,313	13,654	13,654
4. 2012	X X X	X X X	12,800	13,895	13,895
5. 2013	X X X	X X X	X X X	12,769	14,419
6. 2014	X X X	X X X	X X X	X X X	12,266

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2010	17,979	15,351			15,351	85.383			15,351	85.383
2. 2011	18,719	13,654			13,654	72.942			13,654	72.942
3. 2012	20,810	13,895			13,895	66.771			13,895	66.771
4. 2013	21,542	14,289	290	2.030	14,579	67.677	130	21	14,730	68.378
5. 2014	21,321	11,025	290	2.630	11,315	53.070	1,241	198	12,754	59.819

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
**(000 Omitted)**  
**Grand Total**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid					
	1 2010	2 2011	3 2012	4 2013	5 2014	
1. Prior		1,432,094	1,431,711	1,430,743	1,430,586	1,430,777
2. 2010		1,311,445	1,394,599	1,390,552	1,390,341	1,390,326
3. 2011	X X X		1,251,744	1,341,334	1,341,751	1,341,867
4. 2012	X X X		X X X	1,252,983	1,362,873	1,365,393
5. 2013	X X X		X X X		1,210,872	1,309,622
6. 2014	X X X		X X X	X X X		1,295,913

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year					
	1 2010	2 2011	3 2012	4 2013	5 2014	
1. Prior		1,432,094	1,431,711	1,430,743	1,430,586	1,430,777
2. 2010		1,311,446	1,394,599	1,390,552	1,390,341	1,388,326
3. 2011	X X X		1,251,744	1,341,334	1,341,751	1,341,867
4. 2012	X X X		X X X	1,252,983	1,362,873	1,365,393
5. 2013	X X X		X X X		1,210,872	1,312,222
6. 2014	X X X		X X X	X X X		1,438,690

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2010	1,629,889	1,390,326			1,390,326	85.302			1,390,326	85.302
2. 2011	1,568,169	1,341,867			1,341,867	85.569			1,341,867	85.569
3. 2012	1,558,115	1,365,393			1,365,393	87.631			1,365,393	87.631
4. 2013	1,537,716	1,309,622	32,881	2.511	1,342,503	87.305	2,600	439	1,345,542	87.503
5. 2014	1,640,539	1,295,913	32,881	2.537	1,328,794	80.997	142,777	24,417	1,495,988	91.189

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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 Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	19,765,214					19,765,214			
2. Additional policy reserves (a)	1,048,693	288,693					760,000		
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$ 0 for investment income)									
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)	20,813,907	288,693				19,765,214	760,000		
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	20,813,907	288,693				19,765,214	760,000		
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits	550,000	550,000							
11. Aggregate write-ins for other claim reserves	3,161,000	3,161,000							
12. Totals (gross)	3,711,000	3,711,000							
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)	3,711,000	3,711,000							

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DETAILS OF WRITE-IN LINES									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 05 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)									
1101. MATERNITY	3,161,000	3,161,000							
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	3,161,000	3,161,000							

NONE

(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 (\$ 10,214,109 for occupancy of own building)		3,618,696	6,511,976		10,130,672
2. Salaries, wages and other benefits	18,240,207	14,376,113	54,153,393		86,769,713
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)			18,040,096		18,040,096
4. Legal fees and expenses			1,993,343		1,993,343
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	690,788	4,334,391	18,031,943		23,057,122
7. Traveling expenses	107,253	159,546	1,298,637		1,565,436
8. Marketing and advertising	4,781	20,025	3,124,467		3,149,273
9. Postage, express and telephone	140,457	1,263,653	3,109,331		4,513,441
10. Printing and office supplies	24,404	891,738	1,887,876		2,804,018
11. Occupancy, depreciation and amortization	212,462	323,256	1,638,912		2,174,630
12. Equipment					
13. Cost or depreciation of EDP equipment and software	2,713,398	14,827,526	10,823,558		28,364,482
14. Outsourced services including EDP, claims, and other services	6,596,487	20,328,014	20,790,654		47,715,155
15. Boards, bureaus and association fees	19,109	62,830	2,381,468		2,463,407
16. Insurance, except on real estate			976,757		976,757
17. Collection and bank service charges					
18. Group service and administration fees			2,695,712		2,695,712
19. Reimbursements by uninsured plans	(4,789,966)	(10,852,320)	(27,851,740)		(43,494,026)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses				6,834,542	6,834,542
22. Real estate taxes				921,031	921,031
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			13,896		13,896
23.2 State premium taxes			20,925,413		20,925,413
23.3 Regulatory authority licenses and fees			32,632,051		32,632,051
23.4 Payroll taxes	1,185,525	866,308	3,798,213		5,850,046
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	(2,648,176)	(2,959,043)	284,089	1,038,224	(4,284,906)
26. Total expenses incurred (Lines 1 to 25)	22,496,729	47,260,733	177,260,045	8,793,797	(a) 255,811,304
27. Less expenses unpaid December 31, current year	7,611,808	17,245,586	42,171,503		67,028,897
28. Add expenses unpaid December 31, prior year	6,049,519	14,810,872	30,551,320		51,411,711
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	20,934,440	44,826,019	165,639,862	8,793,797	240,194,118

DETAILS OF WRITE-IN LINES					
2501. ADMINISTRATIVE ALLOWANCES	511,760	1,159,474	(2,429)		1,668,805
2502. MISCELLANEOUS	29,327	884,197	286,518		1,200,042
2503. HOME PLAN SERVICE CHARGE		6,077,068			6,077,068
2598. Summary of remaining write-ins for Line 25 from overflow page	(3,189,263)	(11,079,782)		1,038,224	(13,230,821)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(2,648,176)	(2,959,043)	284,089	1,038,224	(4,284,906)

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

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,805,076	1,809,042
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 2,475,373	2,486,039
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		1,181,740
2.21 Common stocks of affiliates	1,181,740	1,181,740
3. Mortgage loans	(c)	
4. Real estate	(d) 8,127,372	8,127,372
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 124,875	124,875
7. Derivative instruments	(f)	
8. Other invested assets	1,072,529	1,072,529
9. Aggregate write-ins for investment income		(1,652,433)
10. Total gross investment income	14,786,965	13,149,164
11. Investment expenses		(g) 8,793,797
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 2,458,536
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		11,252,333
17. Net investment income (Line 10 minus Line 16)		1,896,831

DETAILS OF WRITE-IN LINES		
0901. INVESTMENT EXPENSES INTERNAL COSTS INVESTING AND INCOME		(1,429,878)
0902. PROMPT PAY INTEREST		(222,555)
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)		(1,652,433)
1501.	<b>NONE</b>	
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

- (a) Includes \$ (352,507) accrual of discount less \$ 1,703,306 amortization of premium and less \$ 228,587 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 8,127,372 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 8,793,797 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 2,458,536 depreciation on real estate and \$ 0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	55,312		55,312		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	1,214,224		1,214,224		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	(180,172)		(180,172)		
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	5,421,627		5,421,627	(3,500,575)	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets	6,159,040		6,159,040	(4,667,458)	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	12,670,031		12,670,031	(8,168,033)	

DETAILS OF WRITE-IN LINES					
0901.	<b>NONE</b>				
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)					

## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,727,444	1,074,125	(653,319)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums	327,725	327,725	
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	134,258,210	128,288,754	(5,969,456)
21. Furniture and equipment, including health care delivery assets	5,223,024	6,174,580	951,556
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	1,069,338	2,083,419	1,014,081
25. Aggregate write-ins for other-than-invested assets	89,122,207	80,599,853	(8,522,354)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	231,727,948	218,548,456	(13,179,492)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	231,727,948	218,548,456	(13,179,492)

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. PREPAID EXPENSES	88,668,724	80,288,932	(8,379,792)
2502. LEASEHOLD IMPROVEMENTS	446,145	303,295	(142,850)
2503. MISCELLANEOUS INVENTORY ITEMS	7,338	7,626	288
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	89,122,207	80,599,853	(8,522,354)

**NONE**

## 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						
2. Provider Service Organizations						
3. Preferred Provider Organizations	245,090	244,640	252,252	250,718	249,178	2,989,590
4. Point of Service						
5. Indemnity Only	2,724	2,603	2,523	2,305	2,220	29,399
6. Aggregate write-ins for other lines of business	96,364	96,904	98,034	136,151	136,708	1,644,077
7. Total	344,178	344,147	352,809	389,174	388,106	4,663,066

DETAILS OF WRITE-IN LINES						
0601. STOP LOSS	37,693	39,859	40,937	78,927	78,765	955,831
0602. MEDICARE SUPPLEMENT	25,006	24,813	24,800	24,857	25,053	298,642
0603. DENTAL ONLY	23,252	21,817	21,781	21,741	22,142	262,949
0698. Summary of remaining write-ins for Line 06 from overflow page	10,413	10,415	10,516	10,626	10,748	126,655
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	96,364	96,904	98,034	136,151	136,708	1,644,077

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

- (1) The annual statement has been completed in accordance with the NAIC Accounting Practices and Procedures manual and as prescribed by the State of Rhode Island Department of Business Regulation – Insurance Division.
- (2) The Plan's 2014 annual statement excludes Administrative Service Contract (ASC) business from revenue, and medical and hospital claims. The ASC reimbursement has been classified as a reduction to claims adjustment and general administrative expenses.
- (3) Effective for 2006, the Plan obtained a permitted practice to recognize a liability for premium assistance for direct pay subscribers in addressing healthcare affordability. The liability at December 31, 2014 and 2013 was \$0 and \$0, respectively. The Plan has committed \$43,641 and \$18,175 for 2014 and 2013 respectively to premium assistance for Direct Pay subscribers and has recorded a charge for this amount in other expenses in the statutory statement of operations.

Also, effective for 2009, the Plan obtained a permitted practice to depreciate blue-transit software over 15 years instead of the prescribed 5 years. If the software were depreciated over 5 years the net gain would be decreased by \$14,128,507 and \$18,041,702 in 2014 and 2013, respectively.

<u>NET INCOME</u>	State	<u>Dec 31, 2014</u>	<u>Dec 31, 2013</u>
(1) The Plan's state basis (RI)	RI	\$ 113,234	\$21,748,694
(2) State prescribed practice that increase/(decrease) NAIC SAP			
(3) State permitted practice that increase/(decrease) NAIC SAP income			
- Depreciation of software	RI	(14,128,507)	(18,041,702)
- Premium Assistance Program	RI	<u>    --</u>	<u>    --</u>
(4) NAIC SAP	RI	\$ (14,015,273)	\$ 3,706,992
<u>SURPLUS</u>		<u>Dec 31, 2014</u>	<u>Dec 31, 2013</u>
(5) The Plan's state basis (RI)	RI	\$264,045,437	\$287,601,200
(6) State prescribed practice that increase/(decrease) NAIC SAP			
(7) State permitted practice that increase/(decrease) NAIC SAP reserves			
- Premium Assistance Program	RI	<u>    --</u>	<u>    --</u>
(8) NAIC SAP	RI	\$264,045,437	\$287,601,200

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

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

#### C. Accounting Policy

The Plan is subject to an annual fee under section 9010 of the Patient Protection Affordable Care Act (PPACA). The fee is payable based upon the Plan offering health insurance for a specific calendar year commencing January 1, 2014 or thereafter. Per statutory accounting guidance, the entire amount of the annual fee is recognized on January 1<sup>st</sup> of the fee year in taxes, licenses and fees exclusive of federal income taxes in the statutory financial statements. Under generally accepted accounting principles, the annual fee is reported as a deferred asset on January 1 and amortized to expense on a straight line basis. Finally, per statutory accounting, the estimated fee for the subsequent year is distributed from unassigned funds and reported as an aggregate write-in for special surplus funds. There is no similar requirement under generally accepted accounting principles.

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the effective interest rate method.
- (3) Common stocks at fair market value except that investments in stocks of uncombined subsidiaries and affiliates in which the Plan has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stock is stated at cost.
- (5) The Plan does not have mortgage loans on real estate.

## NOTES TO FINANCIAL STATEMENTS

- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The prospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative.
- (7) The Plan has a minority interest in Blue International Solutions with a carrying value of \$779,657. The Plan also has a minority interest in Consortium Health Plans with a carrying value of \$430,141.
- (8) The Plan has minor ownership interests in partnerships and limited liability companies. The value of these interests are based on the underlying audited GAAP equity of the investee.
- (9) The Plan does not own derivative investments.
- (10) The Plan considers anticipated investment income as a factor in premium deficiency calculation.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Plan has not modified its capitalization policy from the prior period.
- (13) The Plan's pharmacy benefit manager provides estimated pharmacy rebates on a quarterly basis.

### 2. Accounting Changes and Correction of Errors

There were no Accounting Changes and Correction of Errors in 2014.

### 3. Business Combinations and Goodwill

There were no Business Combinations and resulting Goodwill in 2014.

### 4. Discontinued Operations

The Plan did not incur discontinued operations for 2014.

### 5. Investments

- A. The Plan did not have any outstanding mortgage loans in 2014.
- B. The Plan did not have any debt restructuring in 2014.
- C. The Plan did not have any reverse mortgages in 2014.
- D. Loan-Backed Securities

- (1) The Plan utilizes the prospective method for loan backed securities. The Plan obtains the prepayment assumptions for mortgage-backed/asset-backed securities from the following hierarchy: Bloomberg median speed; if none, then 6 month historical CPR; if none, then YieldBook prepayment model that runs fixed rate MBS at 100% of the model and Hybrid Arms at 100% of MTB (Model to Balloon). CMBS are run at a 0% constant prepayment rate. If this information is not obtainable from one of these sources then analysts determine the cash flows to be used. The Plan utilizes the fair market value as published by the NAIC Valuation Securities Manual. If the rate is not published by the Securities Valuation Office (SVO), the security is carried at amortized value in accordance with NAIC guidelines.
- (2) The Plan did not recognize any other-than-temporary impairment (OTTI) for loan-backed securities.
- (3) The Plan did not recognize any OTTI for loan-backed securities.
- (4) Loan-backed securities with unrealized losses as of December 31, 2014:

#### Loan-Backed Securities

- a. The aggregate amount of unrealized losses:

1. Less than 12 Months \$66,257
2. 12 Months or Longer \$1,152

- b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months \$25,019,662
2. 12 Months or Longer \$264,287

## NOTES TO FINANCIAL STATEMENTS

- (5) The evaluation of impairments is a quantitative and qualitative process, which is subject to risks and uncertainties and is intended to determine whether declines in the fair value of investments should be recognized in the current period. The risks and uncertainties include changes in general economic conditions, the issuer's financial condition or near term recovery prospects, the effects of changes in interest rates or credit spreads and the recovery period. As of December 31, 2014, the Plan does not consider loan-backed securities in an unrealized loss position to be other-than-temporarily impaired as reported in the table above.

### E. Repurchase Agreements

- 1) For repurchase agreements, the Plan ensures that the fair market value of the collateralized security is equal to or exceeds the amount under agreement to repurchase.
- 2) The Plan has investments pledged as collateral. The securities are US Treasury Bonds and Corporate Bonds with a carrying value of \$114,105,057.
- 3) The Plan has not accepted any collateral.
- 4) The Plan does not have any securities lending transactions.
- 5) The Plan does not have any collateral reinvestment.
- 6) The Plan has not accepted any collateral.
- 7) The Plan does not have any securities lending transactions.

F. The Plan does not hold real estate for investment purposes.

G. The Plan does not have any low-income housing tax credits.

### H. 1) Restricted Assets

Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase (Decrease) (1 minus 2)	Total Current Year admitted Restricted	Percentage	
					Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$113,892,312	\$82,861,314	\$31,030,998	\$113,892,312	13.46%	18.53%
b. Collateral held under security lending agreements	--	--	--	--	--	--
c. Subject to repurchase agreements	212,745	2,160,605	(1,947,860)	212,745	0.02%	0.03%
d. Subject to reverse repurchase agreements	--	--	--	--	--	--
e. Subject to dollar repurchase agreements	--	--	--	--	--	--
f. Subject to dollar reverse repurchase agreements	--	--	--	--	--	--
g. Placed under option contracts	--	--	--	--	--	--
h. Letter stock or securities restricted as to sale	--	--	--	--	--	--
i. FHLB capital stock	--	--	--	--	--	--
j. On deposit with states	--	502,303	(502,303)	--	--	--
k. On deposit with regulatory bodies	--	--	--	--	--	--
l. Pledged as collateral FHLB	--	--	--	--	--	--
m. Pledged as collateral not captured in other categories	--	--	--	--	--	--
n. Other restricted assets	--	--	--	--	--	--
<b>o. Total Restricted Assets</b>	<b><u>\$114,105,057</u></b>	<b><u>\$85,524,222</u></b>	<b><u>\$28,580,835</u></b>	<b><u>\$114,105,057</u></b>	<b><u>13.48%</u></b>	<b><u>18.56%</u></b>

2) Pledged Assets not captured in other categories is not applicable to the Plan.

3) Other Restricted Assets is not applicable to the Plan.

I. The Plan does not have any Working capital Finance Investments.

J. The Plan does not offset Assets and Liabilities of Investments.

K. The Plan does not have any Structured Notes Investments.

### 6. Joint Ventures, Partnerships and Limited Liability Companies

The Plan does not have an investment interest in joint ventures, partnerships and limited liability companies that individually exceeds 10% of its admitted assets.

### 7. Investment Income

The Plan has not excluded from assigned funds (surplus) any investment income due and accrued.

## NOTES TO FINANCIAL STATEMENTS

### 8. Derivative Instruments

The Plan does not own any derivative instruments.

### 9. Income Taxes

SSAP 101 became effective from January 1, 2012.

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

(1)	12/31/2014			12/31/2013			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
	(000)								
(a) Gross deferred tax assets	\$169,228	\$ 15	\$169,243	\$164,794	\$ 15	\$164,809	\$ 4,434	\$ 0	\$ 4,434
(b) Statutory valuation allow	(165,677)	(15)	(165,692)	(159,993)	(15)	(160,007)	(5,685)	0	(5,685)
(c) Adjusted gross deferred tax	\$ 3,551	\$ 0	\$ 3,551	\$ 4,802	\$ 0	\$ 4,802	\$ (1,251)	\$ 0	\$ (1,251)
(d) Deferred tax nonadmitted	0	0	0	0	0	0	0	0	0
(e) subtotal (net deferred tax asset)	\$ 3,551	\$ 0	\$ 3,551	\$ 4,802	\$ 0	\$ 4,802	\$ (1,251)	\$ 0	\$ (1,251)
(f) deferred tax liabilities	0	(3,551)	(3,551)	0	(4,802)	(4,802)	0	1,251	1,251
(g) Gross deferred tax asset/(liabil)	\$ 3,551	\$ (3,551)	\$ 0	\$ 4,802	\$ (4,802)	\$ 0	\$ (1,251)	\$ 1,251	\$ 0

(2) Admission calculation components:

	12/31/2014			12/31/2013			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
	(000)								
(a) Admitted pursuant to 11.a. loss carrybacks	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
(b) Admitted pursuant to 11.b. Realization per 11.b.i	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Limitation per 11.b.ii	\$ N/A	\$ N/A	\$ 0	\$ N/A	\$ N/A	\$ 0	\$ N/A	\$ N/A	\$ 0
(c) SSAP No. 10R, Parag 10.eii.a	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
(d) SSAP No. 10R, Parag 10.eii.b	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(3) Used in 11.b.

	2014	2013
(a) Ratio percentage used to determine recovery period and threshold limitation amount	0.00%	0.00%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$0	\$0

(4) Impact of tax planning strategies (TPS) on adjusted gross DTAs and net admitted DTAs

	12/31/2014			12/31/2013			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
	percentages								
(a) Adjusted gross DTAs - percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(b) Admitted gross DTAs -percentage	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(c) Does the Plan's tax planning strategies include the use of reinsurance? Yes ___ No <u>X</u>									

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

N/A

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

	12/31/2014	12/31/2013	Change
(1) Current Income Tax			
(a) Federal	112,763	121,131	(8,368)
(b) Foreign	0	0	0
(c) Subtotal	112,763	121,131	(8,368)
(d) Federal Income Tax on net capital gains	0	0	0
(e) Utilization of capital loss carry-forwards	0	0	0
(f) Other	0	0	0
(g) Federal and foreign income taxes incurred	\$ 112,763	\$ 121,131	\$ (8,368)

(2) Deferred Tax Assets

a. Ordinary	12/31/2014	12/31/2013	Change
(1) Discount of unpaid losses	\$ 498,119	\$ 3,019,695	\$ (2,521,576)
(2) Unearned premium reserve	0	0	0
(3) Policyholder reserves	0	0	0
(4) Investments	0	0	0
(5) Intangibles	8,902,937	8,946,317	(43,380)
(6) Policyholder dividends accrual	0	0	0
(7) Fixed assets	9,659,795	9,728,159	(68,364)
(8) Compensation and benefits accrual	6,798,688	6,950,051	(151,363)
(9) Pension accrual	2,159,973	2,531,921	(371,948)
(10) Receivables - nonadmitted	488,972	843,900	(354,928)
(11) Net operating loss carry-forward	55,296,194	53,492,033	1,804,161

## NOTES TO FINANCIAL STATEMENTS

(12) Tax credit carry-forward	71,181,615	71,061,131	120,484
(13) Other	<u>14,242,366</u>	<u>8,221,262</u>	<u>6,021,104</u>
(99) Subtotal – Gross ordinary DTAs	\$ 169,228,659	\$ 164,794,469	\$ 4,434,190
b. Statutory valuation allowance Adjustment	\$(165,677,455)	\$(159,992,642)	\$ (5,684,813)
c. Nonadmitted	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
d. Admitted Ordinary Deferred Tax Assets	<u>\$ 3,551,205</u>	<u>\$ 4,801,827</u>	<u>\$ (1,250,622)</u>
e. Capital			
(1) Investments	\$ 0	\$ 0	\$ 0
(2) Net capital loss carry-forward	14,823	14,823	0
(3) Real estate	0	0	0
(4) Other	<u>0</u>	<u>0</u>	<u>0</u>
(99) Subtotal - Capital DTAs	\$ 14,823	\$ 14,823	\$ 0
f. Statutory Valuation allowance Adjustment	(14,823)	(14,823)	0
g. Nonadmitted	<u>0</u>	<u>0</u>	<u>0</u>
h. Admitted Capital Deferred Tax Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
i. Admitted Deferred Tax asset	<u>\$ 3,551,206</u>	<u>\$ 4,801,827</u>	<u>\$ (1,250,622)</u>

### (3) Deferred Taxes Liabilities

	<u>12/31/2014</u>	<u>12/31/2013</u>	<u>Change</u>
a. Ordinary			
(1) Investments	0	0	0
(2) Fixed Assets	0	0	0
(3) Deferred and Uncollected premiums	0	0	0
(4) Policyholder Reserves	0	0	0
(5) Other	<u>0</u>	<u>0</u>	<u>0</u>
(99) Subtotal - Ordinary DTLs	\$ 0	\$ 0	\$ 0
b. Capital			
(1) Investments	(3,551,205)	(4,801,827)	1,250,622
(2) Real estate	0	0	0
(3) Other	<u>0</u>	<u>0</u>	<u>0</u>
(99) Subtotal – Capital DTLs	<u>\$(3,551,205)</u>	<u>\$(4,801,827)</u>	<u>\$ 1,250,622</u>
c. Deferred tax liabilities	<u>\$(3,551,205)</u>	<u>\$(4,801,827)</u>	<u>\$ 1,250,622</u>
(4) Net deferred tax assets/liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

### D. Nature of significant reconciling items for income taxes incurred and change in DTAs and DTLs

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

	<u>Amount</u>	<u>Tax Effect</u>	<u>Effective Tax Rate</u>
Income before Taxes (including all realized capital gains/losses)	\$ 239,892	\$ 83,963	35.00%
Health Insurer fee	21,161,246	7,406,436	3087.41%
Special 3 month reserve deduction	(9,956,323)	(3,484,713)	-1452.62%
Change in Unrealized gains/losses	(10,489,506)	(3,671,327)	-1530.41%
Revisions to estimates	(5,390,989)	(1,886,846)	-786.54%
Statutory Valuation Allowance Adjustment	16,242,322	5,684,813	2369.74%
Change in non-admitted assets	(13,179,492)	(4,612,822)	-1922.88%
Other	<u>1,695,029</u>	<u>593,259</u>	<u>247.30%</u>
Total	<u>\$ 322,179</u>	<u>\$ 112,763</u>	<u>47.01%</u>
Federal Income Taxes Incurred		\$ 112,763	47.01%
Change in net deferred income taxes		<u>0</u>	<u>0.00%</u>
Total statutory income taxes		<u>\$ 112,763</u>	<u>47.01%</u>

### E. Carryforwards, recoverable taxes, and IRC 6603 deposits

Plan has regular net operating loss carryforwards of \$157,989,125 expiring through calendar years 2030 to 2032.

Plan has alternative minimum tax loss carryforwards of \$121,423,054 expiring through calendar years 2030 to 2032.

Plan had capital loss carryforwards of \$42,351 expiring through calendar year 2015.

Plan has an AMT credit carryforwards of \$71,181,615 which does not expire.

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

The Plan has no income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses.

Deposits admitted under IRC 6603

N/A

### F. Income Tax loss contingencies

The Plan has not recorded any contingencies related to taxes.

### G. The Plan's federal income tax return is consolidated with the following entities:

The Plan does not join in the filing of a consolidated federal income tax return.

## NOTES TO FINANCIAL STATEMENTS

### 10. Information Concerning Parent, Subsidiaries and Affiliates

- A. Non-Applicable
- B. Non-Applicable
- C. Non-Applicable
- D. Non-Applicable
- E. Non-Applicable
- F. Non-Applicable
- G. Non-Applicable
- H. Non-Applicable
- I. Non-Applicable
- J. Non-Applicable
- K. Non-Applicable
- L. Non-Applicable

### 11. Debt

#### A.

##### Mortgage on Building

- (1) Date issued is January 14, 2008.
- (2) Bank loan for corporate office building.
- (3) The maximum loan amount is \$90,000,000.
- (4) Carrying value of loan is \$76,287,888.
- (5) The rate at which interest accrues is 30-day LIBOR plus an agreed upon spread (basis points).
- (6) The effective interest rate is equivalent to the 30-day LIBOR plus an agreed upon spread (basis points).
- (7) Office building structure.
- (8) Interest paid year to date is \$4,442,594.
- (9) Loan converted to fixed rate mortgage instrument in February 2010.
- (10) Non-Applicable
- (11) Non-Applicable
- (12) Non-Applicable

##### Line of Credit

- (1) Date issued is January 2011.
- (2) Revolving line of credit.
- (3) The maximum available amount is \$50,000,000.
- (4) Carrying value of line of credit is \$50,000,000 plus accrued interest of \$52,150.
- (5) The rate at which interest accrues is 30-day LIBOR Advantage rate plus 150 basis points. In addition, interest accrues on the commitment amount less funds drawdown at twenty basis points.
- (6) The effective interest rate is equivalent to the 30-day LIBOR Advantage rate plus 150 basis points.
- (7) Marketable securities.
- (8) Interest paid year to date is \$424,707.
- (9) The repayment of accrued interest is payable monthly and the entire unpaid principal balance is due and payable along with unpaid interest upon maturity. The line of credit maturity date is less than one year.
- (10) Non-Applicable
- (11) Non-Applicable
- (12) Non-Applicable

- B. The Plan does not have any Federal Home Loan Bank agreements.

### 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

#### A) Defined Benefit Plan

The Plan has a qualified defined benefit pension plan covering substantially most employees. Effective January 1, 2011 the Plan was closed to new hires from participation. Pension plan

## NOTES TO FINANCIAL STATEMENTS

benefits are based on years of service and the employee's compensation during the highest three consecutive years of service.

Effective January 1, 2014 the qualified benefit plan was frozen for all active employees. Impacted associates will continue to have a pension benefit but will not accrue additional benefits for pay and service after December 31, 2013.

Also, commencing in 2014, the employee savings plan will be increased from a 50 percent match to a dollar for dollar match on associate contributions up to 6 percent of eligible compensation. Additionally, transition contributions for three years through 2016, the Company will contribute an additional 3 percent of eligible compensation in 2014, 2 percent in 2015 and 1 percent in 2016. If an eligible associate is at least 55 years of age and combined with years of service is equal to or greater than 80, a 3 percent transition contribution for years 2014 to 2016 is in effect.

The Plan's funding policy is to contribute amounts at least necessary to satisfy the requirements of the Pension Protection Act of 2006 (PPA). Future contributions will provide for accrued benefits earned through December 31, 2013. Assets of the pension plan consist of insurance company group annuity contracts, which invest in a diversified portfolio of fixed income and equity securities. During 2011, the assets of the plan decreased by approximately \$30,900,000 as a result of the transfer of the associated liabilities to a third party fiduciary in meeting the obligations of existing and future beneficiary certificate holders.

### Supplemental Executive Retirement Plans (SERP)

The Supplemental Executive Retirement Plans ("SERP") are non-qualified defined benefit pension plans for certain executives as designated by the Board of Directors. During 2013, the Plan recognized a one-time lump sum settlement charge of approximately \$122,000 related to lump sum amounts in excess of the sum of the service cost and interest cost components of net periodic benefit cost for the year in the amount of \$1,880,000. In addition, there are annuities and installment payments made to retired participants.

Effective January 1, 2014 the SERP was frozen for active executives as designated by the Board of Directors. The designated executives will no longer accrue additional benefits based on pay and service subsequent to December 31, 2013.

### Postretirement Benefit Plans

Eligible employees hired prior to January 1, 1992, who retire on or after attaining normal retirement age and who have rendered specific years of service under the provisions of the Blue Cross & Blue Shield of Rhode Island Retirement Plan are entitled to certain postretirement health care, medical coverage and life insurance benefits. The Plan may amend or change the postretirement benefits periodically. Effective January 1, 1993, except for those employees who have an exemption based on circumstances previously existing, these benefits are now subject to copayment provisions and other limitations. Effective April 1, 2013, a plan amendment for retiree insurance benefits was adopted whereby eligible active and former employees that had not attained retirement age of 55 or older and had not been collecting these benefits would not be entitled to these benefits upon retirement. The discontinued retiree benefits were life insurance and a group health insurance subsidy.

- (1) The following tables set forth the funding status and amounts recognized in the Plan's Statutory Statements of Admitted Assets, Liabilities and Reserves at December 31, 2014 and 2013 for the Defined Benefit Plan, for the SERP and the Postretirement Benefit Plan:

	(In Thousands)					
	Defined Benefit Plan		SERP		Postretirement	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Change in Projected Benefit Obligation:						
(1) Projected benefit obligation at beginning of year	\$204,123	\$252,951	\$5,872	\$6,892	\$17,686	\$22,242
(2) Service cost	1,374	7,697	44	248	--	61
(3) Interest cost	12,014	9,962	275	310	911	759

## NOTES TO FINANCIAL STATEMENTS

(4) Contributions by plan participants	--	--	--	--	--	--
(5) Actuarial loss/(gain) due to assumptions	58,958	(37,738)	101	(121)	659	(324)
(6) Foreign currency exchange rate	--	--	--	--	--	--
(7) Benefit and administrative expenses paid	(21,281)	(14,305)	(54)	(2,757)	(1,619)	(1,625)
(8) Plan amendments	--	(16,936)	--	--	--	(6,773)
(9) Curtailment, settlements, etc.	--	2,492	(1,895)	1,300	--	3,346
(10) Projected benefit obligation at end of year	<u>\$255,188</u>	<u>\$204,123</u>	<u>\$4,343</u>	<u>\$5,872</u>	<u>\$17,637</u>	<u>\$17,686</u>

(2) (In Thousands)

	Defined Benefit Plan		SERP		Postretirement	
	2014	2013	2014	2013	2014	2013
Change in Plan Assets:						
a. Fair value of assets at beginning of year	\$255,159	\$237,586	\$ --	\$ --	\$ --	\$ --
b. Actual return on plan assets	25,078	30,514	--	--	--	--
c. Foreign currency exchange rate	--	--	--	--	--	--
d. Contribution by reporting entity	--	--	1,949	1,923	1,619	1,625
e. Contribution by plan participants	--	--	--	--	--	--
f. Benefits paid	(21,281)	(14,305)	(54)	(1,923)	(1,619)	(1,625)
g. Business combinations & settlements	--	--	(1,895)	--	--	--
h. Fair value of assets at end of year	<u>\$258,956</u>	<u>\$253,795</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(3) Funded Status: (In Thousands)

	Defined Benefit Plan		SERP		Postretirement	
	2014	2013	2014	2013	2014	2013
Overfunded:						
a. Assets (nonadmitted)						
1. Prepaid benefit costs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
2. Overfunded plan assets	3,768	51,036	--	--	--	--
3. Total assets (nonadmitted)	3,768	51,036	--	--	--	--
Underfunded:						
b. Liabilities recognized						
1. Accrued benefit costs	--	--	3,932	5,159	14,648	15,158
2. Liability for pension benefits	--	--	411	712	2,989	2,527
3. Total liabilities recognized	--	--	4,343	5,861	17,637	17,685
c. Unrecognized liabilities	--	--	--	--	--	--

(4) Net periodic pension cost for 2014 and 2013 included the following components:

(In Thousands)

	Defined Benefit Plan		SERP		Postretirement	
	2014	2013	2014	2013	2014	2013
a. Service cost	\$ 1,374	\$ 7,697	\$ 44	\$ 248	\$ --	\$ 61
b. Interest cost	12,014	9,962	275	310	911	759
c. Expected return on plan assets	(22,956)	(17,485)	--	--	--	--
d. Transition asset or obligation	10	38	47	188	--	--
e. Gains and losses	--	3,260	1	52	462	400
f. Prior service cost or credit	678	2,714	146	585	(265)	(201)
g. G/L due to settlement or curtailment	--	1,512	208	2,008	--	(12,624)
h. Net periodic pension cost	<u>\$(8,880)</u>	<u>\$ 7,698</u>	<u>\$ 721</u>	<u>\$ 3,391</u>	<u>\$ 1,108</u>	<u>\$(11,605)</u>

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

(In Thousands)

	Defined Benefit Plan		SERP		Postretirement	
	2014	2013	2014	2013	2014	2013
a. Items not yet recognized as a component of net periodic cost – prior year	\$ --	\$ 306	\$ --	\$ 1,501	\$ --	\$ --
b. Net transition asset or obligation recognized	--	306	--	1,501	--	--
c. Net prior service cost or credit arising during the period	--	(2,715)	--	(585)	212	202
d. Net prior service cost or credit recognized	--	(2,715)	--	(585)	--	--
e. Net gain and loss arising during the period	--	(3,260)	(1)	(52)	(363)	(400)
f. Net gain and loss recognized	--	(3,260)	(1)	(52)	--	--
g. Items not yet recognized as a component of net periodic cost - current year	--	--	--	--	--	--

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost

## NOTES TO FINANCIAL STATEMENTS

(In Thousands)

	Defined Benefit Plan		SERP		Postretirement	
	2014	2013	2014	2013	2014	2013
	a. Net transition asset or obligation	\$ --	\$ --	\$ --	\$ --	\$ --
b. Net prior service cost or credit	--	--	--	--	--	--
c. Net recognized gains and losses	--	--	--	--	--	--

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

a. Net transition asset or obligation	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
b. Net prior service cost or credit	--	--	--	--	--	--
c. Net recognized gains and losses	--	--	--	--	--	--

(8) Actuarial assumptions used in the accounting at the measurement date were:

	Defined Benefit Plan		SERP		Postretirement	
	2014	2013	2014	2013	2014	2013
Weighted-average assumptions used to determine net periodic benefit cost						
a. Discount Rate	4.00%	4.00%	4.00%	4.75%	3.75%	3.50%
b. Expected return on plan assets	7.25%	7.50%	-	-	-	-
c. Rate of compensation increase	N/A	3.00%	N/A	3.00%	-	-
Weighted-average assumptions used to determine projected benefit obligations						
d. Discount Rate	3.69%	5.00%	4.00%	4.75%	3.75%	4.25%
e. Rate of compensation increase	N/A	3.00%	N/A	3.00%	-	-

(9) The accumulated benefit obligation for the defined benefit plan was \$255,187,809 and \$203,726,595 as of year ended 2014 and 2013 respectively. The accumulated benefit obligation for the SERP was \$4,342,608 and \$5,847,467 as of year ended 2014 and 2013 respectively

(10) The assumed annual rate of increase in the per capita cost of medical benefits is 10% in 2014 and is assumed to decrease through years 2020 and remain level at 5% thereafter

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	\$ 61,500	\$ 53,800
b. Effect on postretirement benefit obligation	\$1,618,400	\$1,390,200

(12) The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year	Pension Benefits	Postretirement Benefits*
a. 2015	\$265,060,000	\$1,395,000
b. 2016	416,000	1,429,000
c. 2017	36,000	1,429,000
d. 2018	476,000	1,354,000
e. 2019	71,000	1,306,000
f. 2020 - 2024	545,000	5,667,000

\*excludes receivables for Medicare Part D subsidy

(13) The Plan expects to contribute \$0 to its regular pension plan, \$639,000 to its SERP and \$1,395,000 to its postretirement benefits in 2015.

(14) Securities type

Plan Assets	
2014	2013

## NOTES TO FINANCIAL STATEMENTS

<u>Asset Category</u>		
Equity Securities	0.00%	58.70%
Debt Securities	97.90%	31.70%
Other	<u>2.10%</u>	<u>9.60%</u>
Total	100.00%	100.00%

The investment policy includes a periodic review of the pension plan's investment in the various asset classes. The current asset allocation target is 50% equities, 40% fixed income and 10% other.

- (15) Not applicable  
 (16) Not applicable  
 (17) Not applicable  
 (18) Not applicable  
 (19) The amount and timing of any Plan assets expected to be returned to employer during the operating cycle was \$0.  
 (20) Pension Plans with an accumulated benefit obligation in excess of plan asset

	(In Thousands)					
	Defined Benefit Plan		SERP		Postretirement	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Projected benefit obligation	N/A	N/A	\$ 4,343	\$ 5,872	\$ 17,637	\$ 17,686
Accumulated benefit obligation	N/A	N/A	4,343	5,547	17,637	17,686
Fair value of plan assets	N/A	N/A	--	--	--	--

### Pension Plans with plan asset in excess of accumulated benefit obligation

	(In Thousands)					
	Defined Benefit Plan		SERP		Postretirement	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Projected benefit obligation	\$255,188	\$204,123	N/A	N/A	N/A	N/A
Accumulated benefit obligation	255,188	203,727	N/A	N/A	N/A	N/A
Fair value of plan assets	258,956	255,159	N/A	N/A	N/A	N/A

- (21) Not applicable

B. Plan assets are to be managed to provide the greatest probability that the following long-term objectives for the qualified pension plan are met in a prudent manner.

- Ensure that there is adequate level of assets to support benefit obligations to participants and retirees over the life of the Plan, taking into consideration the nature and duration of Plan liabilities.
- Maintain liquidity in Plan assets sufficient to cover ongoing benefit payments.
- Manage volatility of investments results in order to achieve long-term Plan objectives and to minimize level and volatility of pension expenses.

It is recognized that the attainment of these objectives is, for any given time period, largely dictated by the returns available from the capital markets in which Plan assets are invested.

The asset allocation of Plan assets reflects the Plan's long-term return expectations and risk tolerance in meeting the financial objectives of the Plan. Plan assets should be adequately diversified by asset class, sector and industry to reduce the downside risk to total Plan results over short-term time periods, while providing opportunities for long-term appreciation.

C. The following table provides information as of December 31, 2014 and 2013 about the Plan's pension plan financial assets by asset category.

	<u>December 31, 2014</u>			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Equity Mutual Funds	\$ --	\$ --	--	\$ --
Fixed Income Mutual Funds	--	252,636,519	--	252,636,519
Cash Holding Account	--	--	5,506,725	5,506,725
General Investment Account	--	--	812,771	812,771
Total Assets	<u>\$ --</u>	<u>\$ 252,636,519</u>	<u>\$ 6,319,496</u>	<u>\$ 258,956,015</u>

## NOTES TO FINANCIAL STATEMENTS

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Equity Mutual Funds	\$ --	\$ 152,366,748	--	\$ 152,366,748
Fixed Income Mutual Funds	--	70,856,117	--	70,856,117
Alternatives	--	--	35,527,438	35,527,438
General Investment Account	--	--	744,307	744,307
Total Assets	\$ --	\$ 223,222,865	\$ 36,271,745	\$ 259,494,610

### 2. Fair Value Measurements in Level 3 of the Fair Value Hierarchy

Description	Beginning Balance	Transfers into	Transfers out of	Return on Assets	Return on Assets	Purchases	Issuances	Sales	Settlements	Ending Balance at
Asset	1/1/14	Level 3	Level 3	Still Held	Sold					12/31/14
Alternatives	35,527,438	0	0	0	1,726,770	9,588,318	0	46,842,526	0	0
Cash Holding	0	0	0	0	0	5,506,725	0	0	0	5,506,725
GIA	744,307	0	0	68,464	0	0	0	0	0	812,771
Plan Assets	36,271,745	0	0	68,464	1,726,770	15,095,043	0	46,842,526	0	6,319,496

3. Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

- D. The selection of an expected long-term rate of return for the plan assets represents a rate at which plan liabilities will be settled. This includes an approach that is applied consistently in accordance with standards of practice that is based on the distribution of plan assets. There are inherent risks in establishing assumptions in the development of an expected long term rate of return and based on historical performance the methodology adopted has been representative of actual results.

### E. Employee Savings Plan

Participant contributions to the Plan are derived from voluntary salary reduction agreements with the employer. The participant may, subject to the Internal Revenue Service (IRS) compensation deferral limits, contribute from 1% to 60% of his or her plan compensation, as defined, as a pre-tax basic contribution. The participant may then contribute a supplemental pre-tax contribution which, when combined with the participant's basic contribution, shall not exceed 60% of the participant's plan compensation, as defined. In addition, after-tax contributions up to 8% of the participant's plan compensation, as defined, may be made as long as total contributions do not exceed IRS guidelines. The employer contributes an amount equal to 50% of the participant's basic salary deferral contribution subject to a maximum of 6% of compensation.

Upon enrollment in the Plan, a participant may direct participant and employer contributions in 1% increments with a minimum contribution of 1% in any of the investment options. Participants may change their contribution percentage and investment selections in accordance with stated Plan requirements. Effective January 1, 2011, new associate hires will have an enhanced matching contribution plan. Participants that contribute on a pre-tax basis up to 6% an equal amount will be matched by the Plan. Total employer contributions to the 401(k) savings plan in 2014 and 2013 were approximately \$5,091,000 and \$1,848,000, respectively.

In 2014, the employee savings plan was increased from a 50 percent match to a dollar for dollar match on associate contributions up to 6 percent of eligible compensation. Additionally, transition contributions for three years through 2016, the Company will contribute an additional 3 percent of eligible compensation in 2014, 2 percent in 2015 and 1 percent in 2016. If an eligible associate is at least 55 years of age and combined with years of service is equal to or greater than 80, a 3 percent transition contribution for years 2014 to 2016 is in effect.

- F. Multiemployer Plans is not applicable.  
G. Holding company Plans is not applicable

## NOTES TO FINANCIAL STATEMENTS

### H. Postemployment Benefits

The Plan provides for certain postemployment benefits including disability benefits for eligible employees. The Plan has not recorded a liability for these benefits at December 31, 2014 and 2013, respectively.

### I. Impact of Medicare Modernization Act on Postretirement Benefits is no longer applicable as of 2010.

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

- 1) The Plan does not have any capital stock.
- 2) The Plan does not have any preferred stock.
- 3) The Plan does not have any dividend restrictions.
- 4) The Plan does not have any ordinary dividends.
- 5) The Plan does not have any dividends.
- 6) The Plan does not have any restrictions on unassigned funds.
- 7) The Plan does not have any advances to surplus unpaid.
- 8) The Plan does not have any conversion of preferred stock, employee stock options and stock purchase warrants.
- 9) The Plan has reported \$29,900,000 as separate surplus fund Page 3, Line 25 relating to the PPACA Health Insurer fee that will be recognized in CY 2015.
- 10) The portion of unassigned funds (surplus) represented was reduced by each of the following item:
  - a) Nonadmitted assets - \$231,727,948
- 11) The Plan does not have any surplus notes.
- 12) The Plan did not have any quasi-reorganization in 2014.
- 13) The Plan did not have any quasi-reorganization in 2014.

### 14. Contingencies

#### A) Contingent Commitments

The Plan is a defendant in a number of legal proceedings arising in the normal course of business. Additionally, the Plan is a co-defendant in a multi-district litigation in federal court relating to allegations that the Plan has acted in conspiracy with other Blue Cross & Blue Shield plans in violation of antitrust laws. The Plan is also a defendant in a lawsuit from an out of state hospital system alleging antitrust violations during that system's attempt to purchase a hospital in Rhode Island. While the Plan's ultimate liability in the disposition of these matters is presently difficult to estimate, it is management's belief that the outcome is not likely to have a material adverse effect on the Plan's financial position or results of operations, statutory reserves and risk based capital. It is possible that a court decision or settlement in favor of the plaintiffs in the above suit where the Plan is a co-defendant could have an unanticipated material adverse effect on the Plan's financial position, results of operations, statutory reserves and risk based capital.

- B) The Plan does not have any assessments.
- C) The Plan does not have any gain contingencies.
- D) The Plan did not have any claims related extra contractual obligation and bad faith losses stemming from lawsuits.
- E) The Plan did not have any Joint and Several liability arrangements.
- F) All other contingencies see "A" above.

### 15. Leases

- A) 1) The Plan leases office space and ground lease under operating leases. Rent expense for operating leases in 2014 and 2013 was approximately \$1,265,840 and \$973,277, respectively.
- 2) The Plan is committed, under long-term noncancelable operating leases and installment purchase agreements to minimum payments as follows:

	<u>Leases</u>
	<u>Operating</u>
2015	\$ 1,062,744
2016	1,056,597

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**NOTES TO FINANCIAL STATEMENTS**


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2017	1,069,773
2018	901,156
2019	357,216
Less interest	<u>- -</u>
Total minimum future payments	<u>\$ 4,447,486</u>

Certain rental commitments e.g. ground lease is a 97 year agreement through the year 2108 with two successive 75 year renewal options. Some of these renewals are subject to adjustments in future periods.

In June of 2003, the Plan entered into a long-term agreement with Dell whereby, Dell agreed to provide claims processing, information technology and membership administrative services. As stipulated in the contract, the services shall be provided at Plan facilities, however, certain functions may be provided outside of Rhode Island as well as offshore under the direction of Dell staff. Services include operational services for technology and claims operations and business project services.

The agreement is in effect through May 31, 2016, unless terminated earlier or extended in accordance with contract terms. The agreement calls for decreasing annual minimum commitments of \$40,000,000 for calendar year 2014, and is subject to adjustments for changes in service levels, cost management by the Plan and performance incentives for Dell. The aggregate value of the contract is approximately \$648,000,000.

However, effective November 1, 2014 certain information technology functions supported by Dell was cancelled by the Plan and awarded to a new vendor for a term of five years.

The contract provides for termination of the agreement between the parties based on events that may occur during the course of the contract. There are critical service levels that Dell must meet on an ongoing basis. The Plan is obligated to reimburse Dell for services performed in accordance with the contract. If the Plan terminates the agreement for convenience, the financial penalties are based on a sliding scale relating to the applicable month in which such termination was effective, ranging from approximately \$2,493,000 as of December 31, 2014 to \$0 as of May 31, 2016.

The Plan awarded a five year \$22 million contract to HCL Technologies LTD headquartered in India effective November 1, 2014. HCL will assume responsibility maintaining Information Technology infrastructure, production control and the help desk support center that was previously contracted to Dell. There are minimum operational service levels that HCL must attain on an ongoing basis that in turn the Plan will reimburse HCL as stipulated per the terms of the contract.

3) The Plan is not involved in material sales – leaseback transactions.

B)(1) Lessor Leases

a) The Plan entered into a lease agreement for the use of its Corporate Office building penthouse floor. The rental square footage leased is 10,356 square feet. The lease is 78 month duration commencing July 1, 2011 and terminating December 31, 2017. The arrangement is a triple net lease. A tenant allowance was provided to the lessee amounting to \$590,000. In addition, the lease calls for providing 15 parking spots at \$180.00 per month per space. Finally, the lessee is responsible for electricity usage for the specific rented space.

The Plan entered into a lease agreement for the use of its Corporate Office building 10th floor. The rental square footage leased is 24,108 square feet. The lease is 120 month duration commencing August 1, 2014 and terminating July 31, 2024. The arrangement is a triple net lease. A tenant allowance was provided to the lessee amounting to \$877,500. In addition, the lease calls for providing 12 parking spots at \$200.00 per month per space. Finally, the lessee is responsible for electricity usage for the specific rented space.

The Plan entered into a lease agreement for the use of its Corporate Office building 11th floor. The rental square footage leased is 8,837 square feet. The lease is 60 month duration commencing November 15, 2014 and terminating November 14, 2019. The arrangement is a triple net lease. A tenant allowance was provided to the lessee amounting to \$154,648. In addition, the lease calls for providing 4 parking spots at \$200.00 per month per space. Finally, the lessee is responsible for electricity usage for the specific rented space.

## NOTES TO FINANCIAL STATEMENTS

The Plan entered into a lease agreement for the use of its Corporate Office building 12th floor. The rental square footage leased is 10,800 square feet. The lease is 120 month duration commencing January 1, 2015 and terminating December 31, 2024. The arrangement is a triple net lease. In addition, the lease calls for providing 4 parking spots at \$200.00 per month per space. Finally, the lessee is responsible for electricity usage for the specific rented space

b) non-applicable

c) Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31, 2014 are as follows:

<u>Years Ended</u> <u>December 31</u>	<u>Operating Leases</u>
2015	\$ 1,651,699
2016	1,656,878
2017	1,688,839
2018	1,389,588
2019	<u>1,351,784</u>
Total	<u>\$ 7,738,788</u>

d) The Plan does not have contingent rentals.

(2) The Plan does not have leveraged leases

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

- 1) The Plan does not have any swaps or option instruments.
- 2) The Plan does not have any interest rate swaps to reduce market risk.
- 3) The Plan does not have any credit related losses.
- 4) Nine U.S. Treasury Notes with a combined par value of \$35,100,000 are pledged to satisfy Blue Cross Blue Shield Association membership standards for out-of-area provider claim settlements.

The Plan also has fifty-one Corporate/U.S. Treasury Bonds with a combined par value of \$75,049,271 that is pledged with Citizens Bank as collateral for the line of credit.

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

The Plan did not have a sale, transfer and servicing of financial assets and extinguishments of liabilities.

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

A) The Plan is not an ASO Administrator for uninsured A&H Plans and the uninsured portion of partially insured plans.

B) The Plan is an ASC Administrator for uninsured A&H Plans and the uninsured portion of partially insured plans.

The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 2014:

	<u>ASC</u> <u>Uninsured</u> <u>Plans</u>	<u>Uninsured</u> <u>Portion of</u> <u>Partially</u> <u>Insured Plans</u>	<u>Total</u> <u>ASC</u>
a. Gross reimbursement for medical cost incurred	\$772,802,957	--	\$772,802,957
b. Gross administrative fees accrued	<u>43,494,027</u>	--	<u>43,494,027</u>
c. Total revenue	816,296,984	--	816,296,984

## NOTES TO FINANCIAL STATEMENTS

d. Claims incurred	772,802,957	--	772,802,957
e. Variable cost	<u>20,424,324</u>	--	<u>20,424,324</u>
f. Contribution to fixed overhead	23,069,703	--	23,069,703
g. Total fixed overhead	<u>39,647,218</u>	--	<u>39,647,218</u>
h. Total net gain or (loss) from operations	<u>(16,577,515)</u>	--	<u>(16,577,515)</u>

C) The Plan has a Medicare or similarly structured cost based reimbursement contract during 2014. The Medicare Part D program is a partially insured plan.

The Medicare Part D program is a partially insured plan. The Plan recorded a receivable in amounts receivable relating to uninsured plans for in the statutory basis statements of admitted assets, liabilities and capital and surplus of \$12,095,000 as of December 31, 2014 for cost reimbursement under the Medicare Part D program for the catastrophic reinsurance, low-income member cost-sharing subsidies and coverage gap discount programs.

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

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

### 20. Fair Value Measurements

A1) The following table provides information as of December 31, 2014 about the Plan's financial assets and liabilities measured at fair value on a recurring basis.

	Level 1	Level 2	Level 3	Total
Assets				
Bonds	\$ --	\$145,156,435	\$ --	\$145,156,435
Equity securities	<u>\$ 57,057,896</u>	<u>\$ 8,778,172</u>	<u>\$ 2,279,246</u>	<u>\$ 68,115,314</u>
Total Assets	<u>\$ 57,057,896</u>	<u>\$153,934,607</u>	<u>\$ 2,279,246</u>	<u>\$213,271,749</u>

The fair value of the Plan's equity securities categorized as Level 1 is based on quoted market prices for identical securities traded in active markets that are readily and regularly available to the Plan.

The fair value of the Plan's equity securities classified as Level 3 consist of private placement stocks for three companies for which there are limited or no observable valuation inputs. The fair value of these Level 3 equities is based upon analytics derived by the respective companies for which a fair value per share is published in the Securities Valuation Office manual.

A2) The following table presents the changes in our equity securities classified as Level 3 for the year-ended December 31, 2014.

	Beginning Balance 1/1/2014	Total gains and (losses) included in Net Income	Total gains and losses included in Surplus	Purchases	Sales	Ending Balance at 12/31/2014
Assets						
Private Equity	<u>\$2,998,544</u>	<u>(228,609)</u>	<u>(234,058)</u>	<u>173,510</u>	<u>(430,141)</u>	<u>\$2,279,246</u>
Total Assets	<u>\$2,998,544</u>	<u>(228,609)</u>	<u>(234,058)</u>	<u>173,510</u>	<u>(430,141)</u>	<u>\$2,279,246</u>

There were unrealized losses of \$234,058 attributable to the change in net unrealized losses relating to assets still held.

A3) There were no transfers between levels as of December 31, 2014.

A4 & A5) Included in various investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair

## NOTES TO FINANCIAL STATEMENTS

value, such as when impaired, or, for certain bonds and preferred stock when carried at the lower of cost or market.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

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

The Plan's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by FASB ASC 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Plan's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

B) Not applicable.

C)	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Assets						
Bonds	\$145,156,435	\$145,156,435	\$ --	\$145,156,435	\$ --	\$ --
Equity securities	\$ 68,115,314	\$ 68,115,314	\$ 57,057,896	\$ 8,778,172	\$ 2,279,246	\$ --
Total Assets	<u>\$213,271,749</u>	<u>\$213,271,749</u>	<u>\$ 57,057,896</u>	<u>\$153,934,607</u>	<u>\$ 2,279,246</u>	<u>\$ --</u>

D) Not required for not practicable (carrying value assets)

### 21. Other Items

- A) The Plan does not have any extraordinary items.
- B) The Plan does not have any troubled debt restructuring.
- C) The Plan participates in the Federal Employee Health Benefits Program (FEHBP) with other Blue Cross Blue Shield Plans. This program includes a fully-insured experience-rated contract, commonly known as the Federal Employee Program (FEP), between the Office of Personnel Management (OPM) and BCBSA, which acts as an agent for the participating Blue Cross Blue Shield plans. In addition each participating plan, including the Plan, executes a contract with BCBSA which obligates each participating plan to underwrite FEP benefits in its service area. Premium rates are developed by BCBSA and negotiated with OPM annually. These rates determine the funds that will be available to the participating Blue Cross Blue Shield to provide insurance to Federal employees that enroll with the Blue Cross Blue Shield FEP. The excess of gross premiums for the life of the program over the charges for the life of the program on an accrual basis is accounted for as a rate stabilization reserve (commonly referred to as the special

## NOTES TO FINANCIAL STATEMENTS

reserve), as required by the contract between OPM and BCBSA. Each year, OPM also allocates a portion of the premiums to a contingency reserve which may be utilized by the participating plans in the event that annual premiums paid to the insurance carrier are insufficient or the rate stabilization reserve falls below certain levels prescribed by OPM. Premiums paid to the carrier and available to each participating Blue Cross Blue Shield plan, including the special reserve and contingency reserve, are held at the U.S. Treasury, including amounts unused from prior periods. Any premiums that remain in the rate stabilization reserve upon termination of the BCBSA contract after the claims run-out and reimbursement of the allowable administrative expenses would be returned to OPM for the benefit of the FEHBP. The FEP contract renews automatically each year unless written notice of termination is given by either party.

In accordance with the FEP contract, premium funds that exceed daily operating needs are held on behalf of the Plan in letter of credit accounts at the U.S. Treasury to provide funding for claims, administrative expenses, and other charges to the contract. The Plan, along with other Blue Cross Blue Shield plans who participate in the FEHBP contract, has an unrestricted right to draw funds held in the U.S. Treasury.

The Plan has recorded its allocable share of a special reserve fund held in the U.S. Treasury as an asset, with an equivalent amount recorded as a rate stabilization reserve. This amount is \$19,765,214 as of December 31, 2014, and is included in other current assets and other current liabilities in the accompanying consolidated balance sheets.

FEP represented approximately 34.8% of accounts receivable as of December 31, 2014. FEP represented approximately 6.8% of net revenue for the year ended December 31, 2014.

Also Center for Medicare & Medicaid Services (CMS) announced a final risk adjustment data valuation (RADV) audit and payment adjustment methodology that it will conduct a RADV audit for the Plan. These audits involve a review of the medical records maintained by care providers and may result in retrospective adjustments to payments made to health plans. CMS has not communicated how the final payment adjustment under its methodology will be implemented.

- D) The Plan did not have any business interruption insurance recoveries in 2014.
- E) 1) The Plan did not have a state transferable tax credit in 2014.
  - 2) The Plan did not have a state transferable tax credit in 2014.
  - 3) The Plan did not any impairment losses for state transferable tax credits in 2014.
  - 4) The Plan did not have a state transferable tax credit in 2014.
- F) Subprime Mortgage Related Risk Exposure
  - (1) The following is the Plan's narrative description of a subprime investment. A mortgage loan which has one or more of the following attributes: weak credit score high debt-to-income-ratio, high loan-to-value ratio or undocumented income.
  - (2) Non-applicable
  - (3) Non-applicable
  - (4) Non-applicable
- G) Retained Assets is not applicable.

### 22. Events Subsequent

#### Nonrecognized Subsequent Event:

January 1, 2015, the Plan will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee is allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2014, the Plan has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2015, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2015 to be \$29,900,000. This amount is reflected in special surplus. This assessment is expected to impact risk based capital by less than (1.0%). Reporting the ACA assessment as of December 31, 2014 would not have triggered an RBC action level.

## NOTES TO FINANCIAL STATEMENTS

	Dec 31, 2014	Dec 31, 2013
A. ACA fee assessment payable for the upcoming year	\$29,900,000	\$21,400,000
B. ACA fee assessment paid	21,161,246	0
C. Premium written subject to ACA 9010 assessment	1,437,775,704	0
D. Total Adjusted Capital before surplus adjustment	264,045,437	
E. Authorized Control Level before surplus adjustment	56,657,049	
F. Total Adjusted Capital after surplus adjustment	234,145,437	
G. Authorized Control Level after surplus adjustment	56,744,765	
H. Would reporting the ACA assessment as of December 31, 2014 have triggered an RBC action level (Yes/No)?	No	

The Plan has revised the useful life of its BlueTransIT computer system effective January 1, 2015. This was based upon the State of Rhode Island Office of Health Insurance Commissioner modifying the cost recovery duration of BlueTransIT. The useful life has been revised from fifteen years to three years.

The Plan implemented the BlueTransIT computer system for membership and claims processing in September 2009. All product lines except for two remaining market segments have been migrated as of the end of 2014. The BlueTransIT system is expected to completely replace the current legacy system in 2015.

As a result of the substantial migration of the Plan's product lines and the future expected economic benefit to the organization, the BlueTransIT useful life has been revised to a shorter duration to three years.

The impact on financial results in revising the useful life to three years will result in an \$89.8 million charge to earnings in 2015. However, there is no impact to reserves due to a corresponding decrease in software non-admitted assets. Also, this financial transaction does not trigger a company action level per the risk based capital calculation in the derivation of the authorized control level.

### 23. Reinsurance

#### A. Ceded Insurance Report

##### Section 1 – General Interrogatories

- (1) The Plan does not own or control any of the reinsurers listed on Schedule S.
- (2) There are no policies issued by the Plan that are reinsured with a company chartered in a country other than the United States that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business.

##### Section 2 – Ceded Reinsurance Report – Part A

- (1) The Plan does not 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.
- (2) The Plan does not have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies.

##### Section 3 – Ceded Reinsurance Report – Part B

- (1) 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 or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, is not applicable to the Plan since it does not cede its reinsurance.
- (2) The Plan has not executed or amended any existing agreements, 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.

- B) The Plan did not experience a write-off for uncollectible reinsurance.
- C) The Plan did not experience a commutation of ceded reinsurance.
- D) Certified Reinsurer Rating downgraded is not applicable.

### 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

## NOTES TO FINANCIAL STATEMENTS

- A) The Plan estimates accrued retrospective premium adjustments for its group health insurance business based on the Plan's underwriting policies, experience rating practices and claims reserve calculation.
- B) The Plan records accrued retrospective premium as an adjustment to earned premium.
- C) The amount of net premiums written by the Plan at December 31, 2014 that are subject to retrospective rating features was \$74,470,000, that represented 4.54% of the total net premiums written. No other net premiums written by the Plan are subject to retrospective rating features.
- D) The Plan has not recognized a liability for medical loss ratio rebate per the Public Health Services Act (PHSA). The Plan's Individual, Small Group Employer, Large Group Employer and Other Categories with rebates market segments were above the PHSA regulatory thresholds for the current year-to-date reporting period. As a result, there is no amount reflected on Page 3 Line 4 Aggregate health policy reserves for the medical loss ratio rebate.

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

Effective January 1, 2014, the ACA imposed fees and premium stabilization provisions on health insurance issuers offering commercial health insurance. The three premium stabilization programs are commonly referred to as the 3R's – risk adjustment, risk corridor and reinsurance.

**Risk Adjustment-** This permanent program is designed to mitigate the potential impact of adverse selection and provide stability for health insurance issuers and applies to all non-grandfathered plans in the individual and small group markets both on and off the insurance exchanges. Premium adjustments pursuant to the risk adjustment program are accounted for as premium subject to redetermination and user fees are accounted for as assessments.

**Risk Corridor –** This temporary program is designed to provide aggregate protection for variability for issuers in the individual and small group markets during the 2014 to 2016 time period and applies to qualified health plans (QHPs) in the individual and small group markets both on and off the insurance exchanges. Premium adjustments pursuant to the risk corridor program are accounted for as premium adjustments for retrospectively rated contracts.

**Reinsurance –** This temporary program from 2014 – 2016 is designed to protect issuers in the individual market both on and off exchange from anticipated increases in high cost claimants due to the elimination of the pre-existing condition limitation. The traditional reinsurance program applies to all issuers of major medical commercial products and third party administrators. Contributions attributable to enrollees in individual plans, including program administrative costs are accounted for as ceded premium and payments received are accounted for as ceded benefit recoveries. The amount of the individual contributions assigned for the U. S Treasury is accounted for as an assessment. Contributions initiated for enrollees in fully insured plans other than individual plans, including administrative costs and payments to the U. S. Treasury, are recorded as assessments.

The plan has accident and health insurance premiums for CY 2014 subject to the risk sharing provisions of ACA.

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

The Plans risk corridor program calculation resulted in recording neither a receivable or a payable.

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

a. Permanent ACA Risk Adjustment Program

Assets	
1) Premium adjustments receivable due to ACA Risk Adjustment	\$1,849,865
Liabilities	
2) Risk adjustment user fees payable for ACA Risk Adjustment	\$84,180
3) Premium adjustments payable due to ACA Risk Adjustment	\$0
Operations (Revenue & Expense)	
4) Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$1,849,865
5) Reported in expenses as ACA risk adjustment user fees (incurred/paid)	\$84,180

b. Transitional ACA Reinsurance Program

Assets

## NOTES TO FINANCIAL STATEMENTS

1) Amounts recoverable for claims paid due to ACA Reinsurance	\$16,826,565
2) Amounts recoverable for claims unpaid due to ACA Reinsurance	\$2,542,067
3) Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	\$0
Liabilities	
4) Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	\$10,957,331
5) Ceded reinsurance premiums payable due to ACA Reinsurance	\$1,763,125
6) Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$754,047
Operations (Revenue & Expense)	
7) Ceded reinsurance premiums due to ACA Reinsurance	\$1,763,125
8) Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$19,368,632
9) ACA Reinsurance contributions – not reported as ceded premium	\$10,883,822
c. Temporary ACA Risk Corridors Program	
Assets	
1) Accrued retrospective premium due to ACA Risk Corridors	\$0
Liabilities	
2) Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$0
Operations (Revenue & Expense)	
3) Effect of ACA Risk Corridors on net premium income (paid/received)	\$0
4) Effect of ACA Risk Corridors on change in reserves for rate credits	\$0

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

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

## Explanations of Adjustments

- A Non Applicable
- B Non Applicable
- C Non Applicable
- D Non Applicable
- E Non Applicable
- F Non Applicable
- G Non Applicable
- H Non Applicable
- I Non Applicable
- J Non Applicable

The Plan has Medicare Part D program business that is subject to a retrospective rating feature related to Part D premiums. The Plan has estimated aggregate health policy reserves related to certain Part D premiums based on CMS promulgated guidance of \$850,000. The amount of Part D

## NOTES TO FINANCIAL STATEMENTS

direct premiums written approximated \$482,573,437 representing 29.3% of total direct premiums written for accident and health contracts net as of December 31, 2014.

### 25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2013 were \$157,213,000. As of December 31, 2014, \$120,660,000 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$2,780,000 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Comprehensive and Medicare lines of insurance. Therefore, there has been a \$19,858,000 favorable prior-year development since December 31, 2013 to December 31, 2014. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. The Plan did not experience prior year claim development on retrospectively rated policies.

### 26. Intercompany Pooling Arrangements

The Plan is not part of any intercompany pooling arrangement.

### 27. Structured Settlements

Not Applicable for Health Insurance entities.

### 28. Health Care Receivables

#### A) Pharmaceutical Rebate Receivables

Quarter	<u>Estimated Pharmacy Rebates as Reported on Financial Statements</u>	<u>Pharmacy Rebates as Invoiced/Confirmed</u>	<u>Actual Rebates Collected Within 90 Days of Invoicing/Confirmation</u>	<u>Actual Rebates Collected Within 91 to 180 Days of Invoicing/Confirmation</u>	<u>Actual Rebates Collected More Than 180 Days After Invoicing/Confirmation</u>
12/31/14	\$5,960,000	\$ --	\$ --	\$ --	\$ --
09/30/14	5,659,000	5,960,000	3,660,000	--	--
06/30/14	5,291,000	5,858,000	3,641,000	2,227,000	--
03/31/14	4,614,000	5,835,000	3,708,000	2,060,000	67,000
12/31/13	\$4,398,000	\$5,407,000	\$3,860,000	\$1,531,000	\$ 16,000
09/30/13	4,465,000	4,940,000	3,564,000	1,334,000	42,000
06/30/13	4,501,000	4,706,000	3,631,000	878,000	197,000
03/31/13	6,390,000	4,613,000	--	4,548,000	85,000
12/31/12	\$6,390,000	\$6,244,000	\$ --	\$4,823,000	\$1,421,000
09/30/12	5,711,000	6,015,000	--	4,613,000	1,270,000
06/30/12	5,970,000	5,570,000	--	4,675,000	872,000
03/31/12	6,150,000	5,901,000	--	4,779,000	1,122,000

#### B) Risk Share Receivables

Calendar Year	Evaluation Per Year-End	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year	Actual Risk Sharing Amounts Received Second Year	Actual Risk Sharing Amounts Received All Others
2014	2014	N/A	\$ -	\$ -	\$ -	\$ -	\$ -		
	2015	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
2013	2013	N/A	\$ -	\$ -	\$ -	\$ -	\$ -		
	2014	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
2012	2012	N/A	\$2,758,213	\$2,758,213	\$ -	\$2,600,000	\$ -		
	2013	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A

### 29. Participating Policies

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**NOTES TO FINANCIAL STATEMENTS**

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Participating policies do not apply to the Plan.

30. Premium Deficiency Reserves

The Plan did not record a statutory premium deficiency reserve (PDR) for the period ended December 31, 2014 and December 31, 2013.

- |  |                           |
|--|---------------------------|
| 1. Liability carried for premium deficiency reserves             | \$0                       |
| 2. Date of the most recent evaluation of this liability          | 12/31/2014                |
| 3. Was anticipated investment income utilized in the calculation | Yes <u>X</u> No <u>  </u> |

31. Anticipated Salvage and Subrogation

The amount of undiscounted estimated salvage and subrogation recoverable, taken into account in determining the undiscounted unpaid losses as reported in the Underwriting and Investment Exhibit and Page 3 – Liabilities, Reserves and Special Funds, Line I for December 31, 2014 and 2013, was \$10,590,000 and \$10,508,000, respectively.



## GENERAL INTERROGATORIES

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

6.2 If yes, give full information:  
 .....  
 .....  
 .....

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

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

1 Nationality	2 Type of Entity
.....	.....
.....	.....

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 PRICEWATERHOUSECOOPERS, LLP, 185 ASYLUM STREET, SUITE 2400 HARTFORD, CT 06103  
 .....  
 .....

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

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

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [ X ]

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

### GENERAL INTERROGATORIES

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes  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?

JEFFREY MCLANE, 500 EXCHANGE STREET, PROVIDENCE, RI 02903. ACTUARY IS EMPLOYED BY BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

.....  
.....

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

12.11 Name of real estate holding company

\_\_\_\_\_

12.12 Number of parcels involved

\_\_\_\_\_

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?

- 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.

Yes  No

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

.....  
.....  
.....

14.2 Has the code of ethics for senior managers been amended?

Yes  No

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

.....  
.....  
.....

## GENERAL INTERROGATORIES

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

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

.....  
 .....  
 .....

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

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

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

## BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a 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 or is likely to conflict with the official duties of such person? Yes [X] No [ ]

## FINANCIAL

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

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

20.11 To directors or other officers	\$ _____
20.12 To stockholders not officers	\$ _____
20.13 Trustees, supreme or grand (Fraternal only)	\$ _____

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

20.21 To directors or other officers	\$ _____
20.22 To stockholders not officers	\$ _____
20.23 Trustees, supreme or grand (Fraternal only)	\$ _____

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

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

21.21 Rented from others	\$ _____
21.22 Borrowed from others	\$ _____
21.23 Leased from others	\$ _____
21.24 Other	\$ _____

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

## GENERAL INTERROGATORIES

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment	\$ _____
22.22 Amount paid as expenses	\$ _____
22.23 Other amounts paid	\$ _____

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

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

## INVESTMENT

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

24.02 If no, give full and complete information, relating thereto:  
 THE SECURITIES ARE HELD BY THE REPORTING ENTITY'S CUSTODIAN BANK, STATE STREET BANK.  
 .....  
 .....

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

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

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

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

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

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

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

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ \_\_\_\_\_

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ \_\_\_\_\_

24.103 Total payable for securities lending reported on the liability page \$ \_\_\_\_\_

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

## GENERAL INTERROGATORIES

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

	25.21 Subject to repurchase agreements	\$ 212,745
	25.22 Subject to reverse repurchase agreements	\$ _____
	25.23 Subject to dollar repurchase agreements	\$ _____
	25.24 Subject to reverse dollar repurchase agreements	\$ _____
	25.25 Placed under option agreements	\$ _____
	25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
	25.27 FHLB Capital Stock	\$ _____
	25.28 On deposit with states	\$ _____
	25.29 On deposit with other regulatory bodies	\$ _____
	25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ 113,892,312
	25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
	25.32 Other	\$ _____

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
STATE STREET BANK & TRUST .....	200 CLARENDON STREET, BOSTON, MA 02111 .....
.....	.....

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

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

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

## GENERAL INTERROGATORIES

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

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

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/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
107423	CONNING ASSET MANAGEMENT	ONE FINANCIAL PLAZA, HARTFORD, CT 06103
115093	CAMBIAR INVESTORS	2401 EAST SECOND AVE., SUITE 500
115093	CAMBIAR INVESTORS	DENVER, CO 80206
145923	GLOBAL CURRENTS INVESTMENTS	2 RIGHTER PARKWAY, SUITE 100
145923	GLOBAL CURRENTS INVESTMENTS	DELAWARE CORPORATE CENTER
145923	GLOBAL CURRENTS INVESTMENTS	WILMINGTON, DE 19803

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 [ X ] No [ ]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
024071-84-7	AMERICAN BALANCED FUND-R4	363,560
233203-82-7	DIMENSIONAL LARGE CAP VALUE S	18,149,425
57629S-73-7	MASSMUTUAL SEL BLUE CHIP GRO	4,191
57629E-30-8	MASSMUTUAL PREMIER INTL EQUIT	1,877
57629S-66-1	MASSMUTUAL SELECT FUND VALUE	849
57629S-68-7	MASSMUTUAL SELECT INDEXED EQ	15,549
665162-72-3	NORTHERN SMALL CAP INDEX	3,988
722005-66-7	PIMCO COMMODITY REAL RETURN	3,279,782
72701U-40-1	PLAN ULTRASHORT DURATION BON	1,545,084
72701U-30-2	PLAN ULTRASHORT DURATION GOV'	1,202,270
808509-37-6	SCHWAB FUND INTER L/C INDEX FU	10,010,683
808509-41-8	SCHWAB FUND US S/M CO	8,810,611
595636-9F-0	SSGA S&P 500 INDX NL FUND CTF	8,778,172
779562-10-7	T ROWE PRICE NEW HORIZONS FUN	10,266
74149P-20-0	T ROWE PRICE RETIREMENT 2020 F	4,408
74149P-78-8	T ROWE PRICE RETIREMENT 2025 F	46,404
74149P-30-9	T ROWE PRICE RETIREMENT 2030 F	87,537
74149P-77-0	T ROWE PRICE RETIREMENT 2035 F	10,545
922031-84-4	VANGUARD SHORT-TERM FED ADM	259,166
29.2999 TOTAL		52,584,367

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
AMERICAN BALANCED FUND	MICROSOFT CORP	13,197	12/31/2014
AMERICAN BALANCED FUND	COMCAST CORP CLASS A	9,962	12/31/2014
AMERICAN BALANCED FUND	HOME DEPOT INC	8,471	12/31/2014
AMERICAN BALANCED FUND	WELLS FARGO & CO	8,071	12/31/2014
AMERICAN BALANCED FUND	BOEING CO	7,853	12/31/2014
DIMENSIONAL LARGE CAP V	PFIZER INC	651,564	12/31/2014
DIMENSIONAL LARGE CAP V	CVS HEALTH CORP	647,934	12/31/2014
DIMENSIONAL LARGE CAP V	JPMORGAN CHASE & CO	644,305	12/31/2014
DIMENSIONAL LARGE CAP V	AT&T INC	624,340	12/31/2014
DIMENSIONAL LARGE CAP V	CHEVRON CORP	615,266	12/31/2014
MASSMUTUAL SEL BLUE CHI	AMAZON.COM INC	164	12/31/2014
MASSMUTUAL SEL BLUE CHI	PRICELINE GROUP INC	126	12/31/2014

## GENERAL INTERROGATORIES

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
MASSMUTUAL SEL BLUE CHI	GILEAD SCIENCES INC	122	12/31/2014
MASSMUTUAL SEL BLUE CHI	MCKESSON CORP	119	12/31/2014
MASSMUTUAL SEL BLUE CHI	VISA INC CLASS A	112	12/31/2014
MASSMUTUAL PREMIER INTL	CONTINENTAL AG	32	12/31/2014
MASSMUTUAL PREMIER INTL	DOLLARAMA INC	31	12/31/2014
MASSMUTUAL PREMIER INTL	SAP SE	29	12/31/2014
MASSMUTUAL PREMIER INTL	CARNIVAL CORP	27	12/31/2014
MASSMUTUAL PREMIER INTL	BURBERRY GROUP PLC	27	12/31/2014
MASSMUTUAL SELECT FUND	WELLS FARGO & CO	34	12/31/2014
MASSMUTUAL SELECT FUND	JPMORGAN CHASE & CO	30	12/31/2014
MASSMUTUAL SELECT FUND	CISCO SYSTEMS INC	25	12/31/2014
MASSMUTUAL SELECT FUND	MERCK & CO INC	22	12/31/2014
MASSMUTUAL SELECT FUND	CITIGROUP INC	21	12/31/2014
MASSMUTUAL SELECT INDE	APPLE INC	535	12/31/2014
MASSMUTUAL SELECT INDE	EXXON MOBILE CORPORATI	323	12/31/2014
MASSMUTUAL SELECT INDE	MICROSOFT CORP	316	12/31/2014
MASSMUTUAL SELECT INDE	S+P500 EMINI FUT MAR15 XC	255	12/31/2014
MASSMUTUAL SELECT INDE	JOHNSON & JOHNSON	241	12/31/2014
NORTHERN SMALL CAP INDE	ISIS PHARMACEUTICALS	16	12/31/2014
NORTHERN SMALL CAP INDE	BRUNSWICK CORP	11	12/31/2014
NORTHERN SMALL CAP INDE	RF MICRO DEVICES INC	11	12/31/2014
NORTHERN SMALL CAP INDE	TRIQUINT SEMICONDUCTOR	10	12/31/2014
NORTHERN SMALL CAP INDE	OFFICE DEPOT INC	10	12/31/2014
PIMCO COMMODITY REAL R	PIMCO CAYMAN CMDTY FD L	532,309	12/31/2014
PIMCO COMMODITY REAL R	US TREASURY TIP	474,584	12/31/2014
PIMCO COMMODITY REAL R	10 YEAR US TREASURY NOT	338,474	12/31/2014
PIMCO COMMODITY REAL R	US TREASURY TIP 1.25%	320,435	12/31/2014
PIMCO COMMODITY REAL R	US TREASURY TIP	303,380	12/31/2014
PLAN ULTRASHORT DURATI	GNMA 5.616%	30,284	12/31/2014
PLAN ULTRASHORT DURATI	CIT EQUIP COLL TR 2013-VT1	22,249	12/31/2014
PLAN ULTRASHORT DURATI	MORGAN STANLEY CAP 2006	21,477	12/31/2014
PLAN ULTRASHORT DURATI	AMER EXPRESS CREDIT 201	19,159	12/31/2014
PLAN ULTRASHORT DURATI	CABELAS CC MSTR TR 2011-I	17,305	12/31/2014
PLAN ULTRASHORT DURATI	FNMA 5.97%	21,280	12/31/2014
PLAN ULTRASHORT DURATI	FNMA 2.76%	15,269	12/31/2014
PLAN ULTRASHORT DURATI	FNMA 1.32%	15,028	12/31/2014
PLAN ULTRASHORT DURATI	GNMA FRN	13,225	12/31/2014
PLAN ULTRASHORT DURATI	FNMA 3.13%	12,864	12/31/2014
SCHWAB FUND INTER L/C IN	BP PLC	213,228	12/31/2014
SCHWAB FUND INTER L/C IN	ROYAL DUTCH SHELL PLC C	205,219	12/31/2014
SCHWAB FUND INTER L/C IN	TOTAL SA	161,172	12/31/2014
SCHWAB FUND INTER L/C IN	ROYAL DUTCH SHELL PLC C	133,142	12/31/2014
SCHWAB FUND INTER L/C IN	HSBC HOLDINGS PLC	132,141	12/31/2014
SCHWAB FUND US S/M CO	RUSSELL 2000 MINI MAR15 I	68,723	12/31/2014
SCHWAB FUND US S/M CO	OFFICE DEPOT INC	29,956	12/31/2014
SCHWAB FUND US S/M CO	PANTRY INC	29,075	12/31/2014
SCHWAB FUND US S/M CO	LEVEL 3 COMMUNICATIONS I	27,313	12/31/2014
SCHWAB FUND US S/M CO	RESTAURANT BRANDS INTE	25,551	12/31/2014
SSGA S&P 500 INDX NL FUND	APPLE INC	320,403	12/31/2014
SSGA S&P 500 INDX NL FUND	S+P500 EMINI FUT MAR15 XC	262,467	12/31/2014
SSGA S&P 500 INDX NL FUND	EXXON MOBILE CORPORATI	172,930	12/31/2014
SSGA S&P 500 INDX NL FUND	MICROSOFT CORP	155,374	12/31/2014
SSGA S&P 500 INDX NL FUND	JOHNSON & JOHNSON	130,795	12/31/2014
T ROWE PRICE NEW HORIZO	O'REILLY AUTOMOTIVE INC	200	12/31/2014
T ROWE PRICE NEW HORIZO	ALLEGIANTRAVEL CO LLC	162	12/31/2014
T ROWE PRICE NEW HORIZO	SS&C TECHNOLOGIES HOLDI	154	12/31/2014
T ROWE PRICE NEW HORIZO	ROPER INDUSTRIES INC	153	12/31/2014
T ROWE PRICE NEW HORIZO	INCYTE CORP LTD	145	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE NEW INCOM	912	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE EQUITY INDE	812	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE GROWTH ST	406	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE VALUE	383	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE INFLATION F	262	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE NEW INCOM	7,954	12/31/2014

### GENERAL INTERROGATORIES

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
T ROWE PRICE RETIREMENT	T. ROWE PRICE EQUITY INDE	6,961	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE GROWTH ST	6,065	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE VALUE	5,828	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE INTL GR & IN	2,974	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE GROWTH ST	14,225	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE VALUE	13,717	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE NEW INCOM	12,071	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE EQUITY INDE	10,802	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE INTL GR & IN	6,101	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE GROWTH ST	2,027	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE VALUE	1,958	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE NEW INCOM	1,071	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE EQUITY INDE	983	12/31/2014
T ROWE PRICE RETIREMENT	T. ROWE PRICE INTL GR & IN	787	12/31/2014
VANGUARD SHORT-TERM FE	FHLMC 1%	11,507	12/31/2014
VANGUARD SHORT-TERM FE	FNMA 1.25%	10,107	12/31/2014
VANGUARD SHORT-TERM FE	FHLMC 0.875%	9,641	12/31/2014
VANGUARD SHORT-TERM FE	FHLMC 0.75%	8,241	12/31/2014
VANGUARD SHORT-TERM FE	FHLBA 0.5%	6,920	12/31/2014

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	268,327,948	268,209,136	(118,812)
30.2 Preferred stocks			
30.3 Totals	268,327,948	268,209,136	(118,812)

30.4 Describe the sources or methods utilized in determining the fair values:  
 PROVIDED BY RATING SOURCES UTILIZED BY THE CUSTODIAN, STATE STREET BANK. PRICING SOURCES INCLUDE  
 IDC AND BLOOMBERG.

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

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

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

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

32.2 If no, list exceptions:  
 .....  
 .....

### OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 2,915,549

## GENERAL INTERROGATORIES

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
BLUE CROSS BLUE SHIELD ASSOCIATION .....	\$ ..... 1,303,692
.....	\$ .....
.....	\$ .....

34.1 Amount of payments for legal expenses, if any? \$ 1,748,671

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
HOGAN LOVELLS US LLP .....	\$ ..... 673,971
.....	\$ .....
.....	\$ .....

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 1,355,389

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 [ X ] No [ ]
- 1.2 If yes, indicate premium earned on U.S. business only. \$ 55,333,582
- 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. \$ 45,902,910
- 1.6 Individual policies:
- Most current three years:
- |                              |                     |
|------------------------------|---------------------|
| 1.61 Total premium earned    | \$ <u>2,737,813</u> |
| 1.62 Total incurred claims   | \$ <u>2,330,740</u> |
| 1.63 Number of covered lives | <u>1,223</u>        |
- All years prior to most current three years:
- |                              |                      |
|------------------------------|----------------------|
| 1.64 Total premium earned    | \$ <u>37,293,747</u> |
| 1.65 Total incurred claims   | \$ <u>31,748,752</u> |
| 1.66 Number of covered lives | <u>16,673</u>        |
- 1.7 Group policies:
- Most current three years:
- |                              |                   |
|------------------------------|-------------------|
| 1.71 Total premium earned    | \$ <u>224,527</u> |
| 1.72 Total incurred claims   | \$ <u>173,485</u> |
| 1.73 Number of covered lives | <u>105</u>        |
- All years prior to most current three years:
- |                              |                      |
|------------------------------|----------------------|
| 1.74 Total premium earned    | \$ <u>15,077,495</u> |
| 1.75 Total incurred claims   | \$ <u>11,649,933</u> |
| 1.76 Number of covered lives | <u>7,051</u>         |

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	\$ <u>1,644,025,009</u>	\$ <u>1,539,968,331</u>
2.2 Premium Denominator	\$ <u>1,644,025,009</u>	\$ <u>1,539,968,331</u>
2.3 Premium Ratio (2.1 / 2.2)	<u>1.000</u>	<u>1.000</u>
2.4 Reserve Numerator	\$ <u>165,142,383</u>	\$ <u>147,635,541</u>
2.5 Reserve Denominator	\$ <u>166,191,076</u>	\$ <u>163,058,600</u>
2.6 Reserve Ratio (2.4 / 2.5)	<u>0.994</u>	<u>0.905</u>

- 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 [ ] No [ X ]
- 5.2 If no, explain:  
THE COMPANY EVALUATES THE NEED FOR REINSURANCE BY REVIEWING THE LINES OF BUSINESS UNDERWRITTEN AND CONTRACTS IN FORCE. FOR CALENDAR YEAR 2014, THERE WAS NOT A NEED TO ENTER INTO A STOP-LOSS REINSURANCE AGREEMENT.  
.....  
.....

- 5.3 Maximum retained risk (see instructions)
- |                                 |          |
|---------------------------------|----------|
| 5.31 Comprehensive Medical      | \$ _____ |
| 5.32 Medical Only               | \$ _____ |
| 5.33 Medicare Supplement        | \$ _____ |
| 5.34 Dental and 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:  
STATE INSURANCE LAW MANDATES THE PLAN HAVE TOTAL RESERVES SUFFICIENT TO PAY CLAIMS AND ADMINISTRATIVE EXPENSES FOR NOT LESS THAN ONE MONTH. ALSO, THE PLAN HAS HOLD HARMLESS PROVISIONS IN ITS CONTRACTS WITH PARTICIPATING HOSPITALS AND PROVIDERS. IN ADDITION, THE PLAN HAS A CONTINUATION OF COVERAGE POLICY IN FORCE TO PROTECT SUBSCRIBERS AND THEIR DEPENDENTS AGAINST THE RISK OF INSOLVENCY.  
.....  
.....

## GENERAL INTERROGATORIES PART 2 - HEALTH INTERROGATORIES

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [ X ] No [ ]
- 7.2 If no, give details:  
 .....  
 .....  
 .....
8. Provide the following information regarding participating providers:
- |  |       |
|--|-------|
| 8.1 Number of providers at start of reporting year | 4,234 |
| 8.2 Number of providers at end of reporting year   | 4,447 |
- 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       |  |
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [ ] No [ X ]
- 10.2 If yes:
- |   |          |
|---|----------|
| 10.21 Maximum amount payable bonuses          | \$ _____ |
| 10.22 Amount actually paid for year bonuses   | \$ _____ |
| 10.23 Maximum amount payable withholds        | \$ _____ |
| 10.24 Amount actually paid for year withholds | \$ _____ |
- 11.1 Is the reporting entity organized as:
- |   |                  |
|---|------------------|
| 11.12 A Medical Group/Staff Model,                  | Yes [ ] No [ X ] |
| 11.13 An Individual Practice Association (IPA), or, | Yes [ ] No [ X ] |
| 11.14 A Mixed Model (combination of above)?         | Yes [ ] No [ X ] |
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [ X ] 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. \$ 137,585,630
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [ X ]
- 11.6 If the amount is calculated, show the calculation:  
 TOTAL UNDERWRITING DEDUCTIONS PAGE 4 LINE 23 \$1,651,027,556 DIVIDED BY TWELVE (12) MONTHS TO DERIVE THE  
 MINIMUM NET WORTH OF \$137,585,630.  
 .....  
 .....

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

1 Name of Service Area
RHODE ISLAND

- 13.1 Do you act as a custodian for health savings accounts? Yes [ ] No [ X ]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ \_\_\_\_\_
- 13.3 Do you act as an administrator for health savings accounts? Yes [ ] No [ X ]
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ \_\_\_\_\_
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [ X ] No [ ] N/A [ ]
- 14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
BCS INSURANCE COMPANY	38245	IL				
4 EVER LIFE INSURANCE COMPANY	80985	IL				

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

- |                              |          |
|------------------------------|----------|
| 15.1 Direct Premium Written  | \$ _____ |
| 15.2 Total Incurred Claims   | \$ _____ |
| 15.3 Number of Covered Lives | _____    |

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

## FIVE – YEAR HISTORICAL DATA

	1	2	3	4	5
	2014	2013	2012	2011	2010
<b>Balance Sheet (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28)	614,611,830	601,465,897	583,688,989	605,459,619	606,811,906
2. Total liabilities (Page 3, Line 24)	350,566,393	313,864,697	323,505,534	282,057,660	357,825,521
3. Statutory surplus	137,585,630	128,122,394	134,068,737	124,470,969	140,971,579
4. Total capital and surplus (Page 3, Line 33)	264,045,437	287,601,200	260,183,455	323,401,959	248,986,385
<b>Income Statement (Page 4)</b>					
5. Total revenues (Line 8)	1,640,538,775	1,537,716,047	1,558,114,822	1,568,919,402	1,631,066,913
6. Total medical and hospital expenses (Line 18)	1,404,023,945	1,322,518,992	1,374,804,008	1,339,095,989	1,441,329,089
7. Claims adjustment expenses (Line 20)	69,757,462	69,234,306	84,909,363	92,075,577	88,526,853
8. Total administrative expenses (Line 21)	177,260,045	145,715,432	149,111,473	155,180,064	170,703,009
9. Net underwriting gain (loss) (Line 24)	(10,502,677)	247,317	(50,710,022)	75,267,772	(60,592,038)
10. Net investment gain (loss) (Line 27)	14,518,426	22,038,924	16,664,500	10,733,049	29,702,359
11. Total other income (Lines 28 plus 29)	(3,789,752)	(416,416)	(7,448,147)	(13,299,153)	9,666,943
12. Net income or (loss) (Line 32)	113,234	21,748,694	(41,536,449)	72,708,907	(14,079,686)
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11)	(14,075,724)	22,790,025	(15,783,232)	15,476,526	(36,992,190)
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital	264,045,437	287,601,200	260,183,455	323,401,959	248,986,385
15. Authorized control level risk-based capital	56,657,048	56,628,006	55,145,307	52,986,166	54,839,634
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7)	388,106	344,178	355,338	351,804	353,931
17. Total members months (Column 6, Line 7)	4,663,066	4,144,418	4,280,870	4,202,517	4,451,995
<b>Operating Percentage (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	85.6	86.0	88.2	85.4	88.4
20. Cost containment expenses	1.4	1.7	1.9	1.6	1.6
21. Other claims adjustment expenses	2.9	3.9	3.5	4.2	3.8
22. Total underwriting deductions (Line 23)	100.6	100.0	103.3	95.2	103.7
23. Total underwriting gain (loss) (Line 24)	(0.6)	0.0	(3.3)	4.8	(3.7)
<b>Unpaid Claims Analysis</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	121,706,652	129,607,041	111,554,999	113,600,091	134,920,896
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	139,807,152	137,035,267	113,042,551	126,432,739	124,696,132
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	3,489,044	3,764,792	4,393,561	4,892,786	5,892,139
32. Total of above Lines 26 to 31	3,489,044	3,764,792	4,393,561	4,892,786	5,892,139
33. Total investment in parent included in Lines 26 to 31 above.					

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

Yes [ ] No [X]

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 Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	N								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	L	1,049,630,433	482,286,165		112,337,332			1,644,253,930	
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CAN	N								
58. Aggregate other alien	OT	X X X								
59. Subtotal		X X X	1,049,630,433	482,286,165		112,337,332			1,644,253,930	
60. Reporting entity contributions for Employee Benefit Plans		X X X	567,332	287,272					854,604	
61. Totals (Direct Business)		(a) 1	1,050,197,765	482,573,437		112,337,332			1,645,108,534	

DETAILS OF WRITE-INS	1	Active Status	2	3	4	5	6	7	8	9
58001.		X X X								
58002.		X X X								
58003.		X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page		X X X								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		X X X								

NONE

(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; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

ALL PREMIUMS ARE ALLOCATED TO RHODE ISLAND

(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

**Company Name**

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

**OVERFLOW PAGE FOR WRITE-INS**

**Page 2 - Continuation**

**ASSETS**

	Current Year			Prior Year
	1	2	3	4
<b>REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS</b>	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. LEASEHOLD IMPROVEMENTS	446,145	446,145		
2505. COLLATERAL FUND HOME & HOST	245,825		245,825	251,401
2506. PNS EQUIPMENT/BLUE CROSS MDSE INVENTORY	7,338	7,338		
2507. PBM IMPLEMENTATION COST RECOVERY				
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	699,308	453,483	245,825	251,401

**OVERFLOW PAGE FOR WRITE-INS**

**Page 3 - Continuation**

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
<b>WRITE-INS AGGREGATED AT LINE 23 FOR OTHER LIABILITIES</b>				
2304. FEP & MISCELLANEOUS CLAIMS PAYABLES	166,022		166,022	2,334,805
2305. PAYABLE FOR ANNUAL EXPERIENCE ACCOUNTING				1,656,587
2397. Totals (Lines 2304 through 2396) (Page 3, Line 23)	166,022		166,022	3,991,392

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**OVERFLOW PAGE FOR WRITE-INS**


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**Page 4 - Continuation****STATEMENT OF REVENUE AND EXPENSES**

WRITE-INS AGGREGATED AT LINE 29 FOR STATEMENT OF REVENUE AND EXPENSES	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
2904. ELECTRONIC HEALTH RECORDS			(41,300)
2905. EMR GRANT PROGRAM		(10,000)	(65,333)
2906. INTEREST INCOME (NET OF PENALTIES)		(12,639)	(41,804)
2907. PREMIUM ASSISTANCE PROGRAM		(43,641)	(18,175)
2908. INTEREST EXPENSE IRS		(64,781)	10,968
2909. BANK SERVICE CHARGES		(337,046)	(307,811)
2910. INTEREST EXPENSE LINE OF CREDIT		(424,707)	(284,615)
2911. INTEREST EXPENSE TENANT COMMISSIONS		(506,357)	
2912. HEALTH INFORMATION EXCHANGE		(1,895,370)	(3,235,698)
2913. GOOD HEALTH BENEFIT EXPENSE		(3,362,380)	
2997. Totals (Lines 2901 through 2996) (Page 4, Line 2998)		(6,656,921)	(3,983,768)

**OVERFLOW PAGE FOR WRITE-INS**

**Page 13 - Continuation**

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

WRITE-INS AGGREGATED AT LINE 11 FOR UNDERWRITING AND INVESTMENT EXHIBIT	1  Total	2  Comprehensive (Hospital & Medical)	3  Medicare Supplement	4  Dental Only	5  Vision Only	6  Federal Employees Health Benefits Plan	7  Title XVIII Medicare	8  Title XIX Medicaid	9  Other
1197. Totals (Lines 1101 through 1196) (Page 13, Line 1198)									

**OVERFLOW PAGE FOR WRITE-INS****Page 14 - Continuation****UNDERWRITING AND INVESTMENT EXHIBIT****PART 3 – ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3	4	5
	1	2			
<b>WRITE-INS AGGREGATED AT LINE 25 FOR UNDERWRITING AND INVESTMENT EXHIBIT</b>	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2504. AGENCY & PORTFOLIO MANAGEMENT FEES				1,038,224	1,038,224
2505. ADMIN ALLOWANCE BLUECARD HOST		(3,699,973)			(3,699,973)
2506. CLAIMS HANDLING EXPENSE		(154,100)			(154,100)
2507. BLUECARD ADMIN FEE INCOME	(3,189,263)	(7,225,709)			(10,414,972)
2597. Totals (Lines 2501 through 2596) (Page 14, Line 2598)	(3,189,263)	(11,079,782)		1,038,224	(13,230,821)

**OVERFLOW PAGE FOR WRITE-INS**

**Page 17 - Continuation**

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

	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	
<b>WRITE-INS AGGREGATED AT LINE 06 FOR EXHIBIT 1</b>						
0604. MEDICARE PRESCRIPTION DRUG PLAN	10,293	10,415	10,516	10,626	10,748	126,655
0605. TEMPORARY HIGH RISK POOL	120					
0697. Totals (Lines 0601 through 0697) (Page 17, Line 06)	10,413	10,415	10,516	10,626	10,748	126,655

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