

ANNUAL STATEMENT

OF THE

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

of **PROVIDENCE COUNTY**

in the state of **RHODE ISLAND**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2015

HEALTH

2015



53473201520100100

ANNUAL STATEMENT

For the Year Ended December 31, 2015
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 RHODE ISLAND, State of Domicile or Port of Entry RHODE ISLAND

Country of Domicile USA

Licensed as business type: Life, Accident & Health Property/Casualty Hospital, Medical & Dental Service or Indemnity
 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 MARK C. STEWART 401-459-5886
 (Name) (Area Code) (Telephone Number) (Extension)
MARK.STEWART@BCBSRI.ORG 401-459-1198
 (E-Mail Address) (Fax Number)

OFFICERS

	Name	Title
1.	PETER ANDRUSZKIEWICZ	PRESIDENT & CEO
2.	MICHELE B. LEDERBERG	EVP. & GEN. COUNSEL
3.	MICHAEL W. HUDSON	EXECUTIVE VICE PRESIDENT & CFO

VICE-PRESIDENTS

Name	Title	Name	Title
CHRISTOPHER G. BUSH	VP - UNDERWRITING	MATTHEW COLLINS M.D. #	VP - CLINICAL INTEGRATION
DEREK COSTA #	VP - CHIEF INFORMATION OFFICER	MELISSA CUMMINGS	SVP - CHIEF CUSTOMER OFFICER
KATHERINE DALLOW M.D. #	VP - CLINICAL AFFAIRS	JEREMY DUNCAN	VP - COMMUNICATIONS
ERIK HELMS	VP - PROV NET & MED ECONOMICS	MARC HUDAK	VP - CARE INNOVAT. & INTEGRATION
JEFFREY J. KOLARIK #	VP - OPERATIONS	RICHARD H. KRUPSKI	VP - EMPLOYER SEGMENT
AUGUSTINE A. MANOCCHIA M.D.	SVP - CHIEF MEDICAL OFFICER	COREY R. MCCARTY	VP - CONSUMER SEGMENT
MONICA A. NERONHA	VP - LEGAL SERVICES	BRIAN M. O'MALLEY	VP - FINANCE
VISAEAL RODRIGUEZ	VP - CHIEF DIVERSITY OFFICER	MARK C. STEWART #	SVP - ASSOCIATE CFO
MARK D. WAGGONER	SVP - CARE INTEGRATION & MGMT		

DIRECTORS OR TRUSTEES

DENISE A. BARGE	MICHAEL DICHIRO	SCOTT DUHAMEL #	SCOTT GUNN
JAMES A. HARRINGTON	PETER C. HAYES	DONNA HUNTLEY-NEWBY #	ELIZABETH B. LANGE M.D.
JOHN C. LANGENUS	WARREN E. LICHT M.D.	JOHN P. MAGUIRE	PATRICIA MORAN #
ROBERT G. NORTON	DEBRA PAUL #	PAUL PORTER M.D.	PETER QUATTROMANI #
MERRILL SHERMAN	RANDY A. WYROFSKY		

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.

(Signature) PETER ANDRUSZKIEWICZ	(Signature) MICHELE B. LEDERBERG	(Signature) MICHAEL W. HUDSON
(Printed Name) 1.	(Printed Name) 2.	(Printed Name) 3.
PRESIDENT & CEO	EVP. & GEN. COUNSEL	EXECUTIVE VICE PRESIDENT & CFO
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me this on this
 _____ day of _____, 2016, by

- a. Is this an original filing? 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)	319,019,113		319,019,113	258,711,462
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	35,387,361		35,387,361	68,115,314
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 \$ 73,274,861 encumbrances)	34,991,884		34,991,884	34,089,467
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ (1,031,483), Schedule E - Part 1), cash equivalents (\$ 39,017, Schedule E - Part 2), and short-term investments (\$ 5,626,729, Schedule DA)	4,634,263		4,634,263	7,238,114
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	41,579,161		41,579,161	85,786,452
9. Receivables for securities				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)	435,611,782		435,611,782	453,941,178
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,529,790		1,529,790	1,333,067
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	52,272,688	2,452,655	49,820,033	56,749,907
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 (\$ 0) and contracts subject to redetermination (\$ 0)	13,601,629	327,725	13,273,904	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	12,666,138		12,666,138	19,602,994
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	40,097,248		40,097,248	39,035,780
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	29,515,902	15,429,541	14,086,361	
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	39,893,322	37,127,752	2,765,570	2,132,467
21. Furniture and equipment, including health care delivery assets (\$ 0)	4,957,242	4,957,242		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$ 25,737,172) and other amounts receivable	27,770,640	2,033,468	25,737,172	16,357,024
25. Aggregate write-ins for other-than-invested assets	40,726,842	11,023,034	29,703,808	25,459,413
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	698,643,223	73,351,417	625,291,806	614,611,830
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	698,643,223	73,351,417	625,291,806	614,611,830

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. OTHER RECEIVABLES	23,209,523		23,209,523	17,080,011
2502. PREPAID EXPENSES	10,548,619	10,548,619		
2503. FEP UNPAID CLAIMS	6,256,768		6,256,768	8,133,577
2598. Summary of remaining write-ins for Line 25 from overflow page	711,932	474,415	237,517	245,825
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	40,726,842	11,023,034	29,703,808	25,459,413

NONE

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	128,122,614		128,122,614	129,163,491
2. Accrued medical incentive pool and bonus amounts	14,839,049		14,839,049	12,502,678
3. Unpaid claims adjustment expenses	21,861,146		21,861,146	24,857,394
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Services Act	21,437,726		21,437,726	20,813,907
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves	3,603,000		3,603,000	3,711,000
8. Premiums received in advance	16,998,131		16,998,131	25,785,400
9. General expenses due or accrued	37,089,968		37,089,968	42,171,504
10.1. Current federal and foreign income tax payable and interest thereon (including \$ 106,534 on realized gains (losses))	380,526		380,526	123,816
10.2. Net deferred tax liability				
11. Ceded reinsurance premiums payable	194,729		194,729	182,710
12. Amounts withheld or retained for the account of others	507,014		507,014	553,097
13. Remittances and items not allocated	1,744,365		1,744,365	226,934
14. Borrowed money (including \$ 40,000,000 current) and interest thereon \$ 95,650 (including \$ 95,650 current)	40,095,650		40,095,650	50,052,150
15. Amounts due to parent, subsidiaries and affiliates				
16. Derivatives				
17. Payable for securities	89,477		89,477	
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	33,072,432		33,072,432	25,632,500
23. Aggregate write-ins for other liabilities (including \$ 5,534,614 current)	9,938,420		9,938,420	14,789,812
24. Total liabilities (Lines 1 to 23)	329,974,247		329,974,247	350,566,393
25. Aggregate write-ins for special surplus funds	X X X	X X X	29,500,000	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	265,817,559	234,145,437
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	295,317,559	264,045,437
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	625,291,806	614,611,830

DETAILS OF WRITE-IN LINES				
2301. UNFUNDED ACCUMULATED BENEFIT OBLIGATION	4,599,580		4,599,580	3,400,144
2302. OTHER ACCOUNTS PAYABLE	3,326,226		3,326,226	6,641,622
2303. ACCRUED CAPITAL EXPENSES	1,970,092		1,970,092	4,582,024
2398. Summary of remaining write-ins for Line 23 from overflow page	42,522		42,522	166,022
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	9,938,420		9,938,420	14,789,812
2501. PPACA HEALTH INSURER FEE 2015	X X X	X X X	29,500,000	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	29,500,000	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	4,219,900	4,663,066
2. Net premium income (including \$ 0 non-health premium income)	X X X	1,664,052,254	1,644,025,009
3. Change in unearned premium reserves and reserve for rate credits	X X X	(2,733,445)	(3,486,234)
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	1,661,318,809	1,640,538,775
Hospital and Medical:			
9. Hospital/medical benefits		950,509,999	993,630,154
10. Other professional services		23,015,825	24,055,081
11. Outside referrals			
12. Emergency room and out-of-area		137,913,199	143,776,258
13. Prescription drugs		238,123,175	201,748,218
14. Aggregate write-ins for other hospital and medical		44,823,600	45,718,219
15. Incentive pool, withhold adjustments and bonus amounts		10,630,179	14,464,647
16. Subtotal (Lines 9 to 15)		1,405,015,977	1,423,392,577
Less:			
17. Net reinsurance recoveries		16,585,067	19,368,632
18. Total hospital and medical (Lines 16 minus 17)		1,388,430,910	1,404,023,945
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 24,235,462 cost containment expenses		75,948,457	69,757,462
21. General administrative expenses		175,298,154	177,260,045
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)		1,639,677,521	1,651,041,452
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	21,641,288	(10,502,677)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		2,316,909	1,896,831
26. Net realized capital gains (losses) less capital gains tax of \$ 0		8,243,719	12,621,595
27. Net investment gains (losses) (Lines 25 plus 26)		10,560,628	14,518,426
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		(157,234,781)	(3,789,752)
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	(125,032,865)	225,997
31. Federal and foreign income taxes incurred	X X X	914,457	112,763
32. Net income (loss) (Lines 30 minus 31)	X X X	(125,947,322)	113,234

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			44,823,600
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)			44,823,600
2901. GOOD HEALTH BENEFIT REVENUE			2,806,622
2902. OTHER INCOME (NOTE RECEIVABLE)			6,167
2903. PREMIUM ASSISTANCE PROGRAM			1,522
2998. Summary of remaining write-ins for Line 29 from overflow page			(160,049,092)
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)			(157,234,781)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	264,045,437	287,601,200
34. Net income or (loss) from Line 32	(125,947,322)	113,234
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	(11,787,921)	(8,168,033)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	29,515,902	
39. Change in nonadmitted assets	158,376,531	(13,179,492)
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	(18,885,068)	(2,321,472)
48. Net change in capital and surplus (Lines 34 to 47)	31,272,122	(23,555,763)
49. Capital and surplus end of reporting year (Line 33 plus 48)	295,317,559	264,045,437

DETAILS OF WRITE-IN LINES		
4701. QUALIFIED PENSION EXPENSE TERMINATION SETTLEMENT	2,650,500	
4702. NON-QUALIFIED PENSION PLAN	61,615	
4703. CHANGE IN UNRECOGNIZED PRIOR SERVICE COST		(2,012,482)
4798. Summary of remaining write-ins for Line 47 from overflow page	(21,597,183)	(308,990)
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	(18,885,068)	(2,321,472)

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,646,289,659	1,630,249,602
2. Net investment income	3,623,858	3,938,011
3. Miscellaneous income	(3,265,193)	(3,725,272)
4. Total (Lines 1 through 3)	1,646,648,324	1,630,462,341
5. Benefit and loss related payments	1,390,027,018	1,478,971,453
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	233,583,663	165,639,862
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	725,819	(73,250)
10. Total (Lines 5 through 9)	1,624,336,500	1,644,538,065
11. Net cash from operations (Line 4 minus Line 10)	22,311,824	(14,075,724)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	65,981,170	80,559,822
12.2 Stocks	44,449,419	37,016,066
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	48,957,275	58,579,434
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		(3,106,550)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	159,387,864	173,048,772
13. Cost of investments acquired (long-term only):		
13.1 Bonds	129,002,482	104,485,618
13.2 Stocks	11,945,443	26,133,273
13.3 Mortgage loans		
13.4 Real estate	3,408,420	426,185
13.5 Other invested assets	6,860,221	44,474,828
13.6 Miscellaneous applications		24,850,632
13.7 Total investments acquired (Lines 13.1 to 13.6)	151,216,566	200,370,536
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)	8,171,298	(27,321,764)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds	(9,956,500)	15,029,196
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(23,130,473)	(3,214,866)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(33,086,973)	11,814,330
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(2,603,851)	(29,583,158)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	7,238,114	36,821,272
19.2 End of year (Line 18 plus Line 19.1)	4,634,263	7,238,114

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	1,664,052,254	894,905,729	56,054,707	29,414,957		114,597,818	545,426,257		23,652,786	
2. Change in unearned premium reserves and reserve for rate credit	(2,733,445)					(2,733,445)				
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)	1,661,318,809	894,905,729	56,054,707	29,414,957		111,864,373	545,426,257		23,652,786	
8. Hospital/medical benefits	950,509,999	449,625,680	42,584,516			75,792,801	381,085,229		1,421,773	X X X
9. Other professional services	23,015,825			23,015,825						X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	137,913,199	89,783,412					48,129,787			X X X
12. Prescription drugs	238,123,175	153,530,265				23,748,646	48,193,923		12,650,341	X X X
13. Aggregate write-ins for other hospital and medical	44,823,600	36,548,837					8,274,763			X X X
14. Incentive pool, withhold adjustments and bonus amounts	10,630,179	5,982,860					4,647,319			X X X
15. Subtotal (Lines 8 to 14)	1,405,015,977	735,471,054	42,584,516	23,015,825		99,541,447	490,331,021		14,072,114	X X X
16. Net reinsurance recoveries	16,585,067	16,585,067								X X X
17. Total hospital and medical (Lines 15 minus 16)	1,388,430,910	718,885,987	42,584,516	23,015,825		99,541,447	490,331,021		14,072,114	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 \$ 24,235,462 cost containment expenses	75,948,457	43,285,183	2,742,537	2,928,369		3,915,111	22,255,365		821,892	
20. General administrative expenses	175,298,154	106,050,983	4,869,277	5,742,551		7,305,672	49,576,446		1,753,225	
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)	1,639,677,521	868,222,153	50,196,330	31,686,745		110,762,230	562,162,832		16,647,231	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	21,641,288	26,683,576	5,858,377	(2,271,788)		1,102,143	(16,736,575)		7,005,555	

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	44,823,600	36,548,837					8,274,763			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)	44,823,600	36,548,837					8,274,763			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)	895,580,771		675,041	894,905,730
2. Medicare Supplement	56,054,707			56,054,707
3. Dental only	29,414,957			29,414,957
4. Vision only				
5. Federal Employees Health Benefits Plan	111,864,373			111,864,373
6. Title XVIII – Medicare	545,426,257			545,426,257
7. Title XIX – Medicaid				
8. Other health	24,523,924		871,138	23,652,786
9. Health subtotal (Lines 1 through 8)	1,662,864,989		1,546,179	1,661,318,810
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	1,662,864,989		1,546,179	1,661,318,810

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	1,405,878,953	742,888,743	43,677,507	22,620,825		101,413,084	481,141,040		14,137,754	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	23,394,917	23,394,917								
1.4 Net	1,382,484,036	719,493,826	43,677,507	22,620,825		101,413,084	481,141,040		14,137,754	
2. Paid medical incentive pools and bonuses	8,293,808	7,132,675					1,161,133			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	128,122,614	66,468,631	5,548,000	1,837,000		7,419,301	45,544,244		1,305,438	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	128,122,614	66,468,631	5,548,000	1,837,000		7,419,301	45,544,244		1,305,438	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	3,603,000	3,603,000								
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	3,603,000	3,603,000								
5. Accrued medical incentive pools and bonuses, current year	14,839,049	9,185,089					5,653,960			
6. Net healthcare receivables (a)	10,344,278	11,912,262	(12,009)				(1,555,975)			
7. Amounts recoverable from reinsurers December 31, current year	12,558,782	12,558,782								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	129,163,491	69,884,852	6,653,000	1,442,000		9,290,938	40,521,622		1,371,079	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	129,163,491	69,884,852	6,653,000	1,442,000		9,290,938	40,521,622		1,371,079	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	3,711,000	3,711,000								
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net	3,711,000	3,711,000								
10. Accrued medical incentive pools and bonuses, prior year	12,502,678	8,298,969					4,203,709			
11. Amounts recoverable from reinsurers December 31, prior year	19,368,632	19,368,632								
12. Incurred benefits:										
12.1 Direct	1,394,385,798	727,452,260	42,584,516	23,015,825		99,541,447	487,719,637		14,072,113	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	16,585,067	16,585,067								
12.4 Net	1,377,800,731	710,867,193	42,584,516	23,015,825		99,541,447	487,719,637		14,072,113	
13. Incurred medical incentive pools and bonuses	10,630,179	8,018,795					2,611,384			

(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	51,537,046	30,117,448	539,426	783,694		1,764,792	17,026,248		1,305,438	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	51,537,046	30,117,448	539,426	783,694		1,764,792	17,026,248		1,305,438	
2. Incurred but Unreported:										
2.1 Direct	76,585,568	36,351,183	5,008,574	1,053,306		5,654,509	28,517,996			
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	76,585,568	36,351,183	5,008,574	1,053,306		5,654,509	28,517,996			
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	128,122,614	66,468,631	5,548,000	1,837,000		7,419,301	45,544,244		1,305,438	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	128,122,614	66,468,631	5,548,000	1,837,000		7,419,301	45,544,244		1,305,438	

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)	55,971,380	670,335,295	236,071	69,835,560	56,207,451	73,595,852
2. Medicare Supplement	4,854,172	38,823,335	(3,714)	5,551,714	4,850,458	6,653,000
3. Dental only	1,542,102	21,078,723	5,815	1,831,185	1,547,917	1,442,000
4. Vision only						
5. Federal Employees Health Benefits Plan	8,342,627	93,070,457	79,724	7,339,577	8,422,351	9,290,938
6. Title XVIII – Medicare	33,149,777	447,991,263	1,104,394	44,439,850	34,254,171	40,521,622
7. Title XIX – Medicaid						
8. Other health	1,535,625	12,602,129	122,417	1,183,021	1,658,042	1,371,079
9. Health subtotal (Lines 1 to 8)	105,395,683	1,283,901,202	1,544,707	130,180,907	106,940,390	132,874,491
10. Health care receivables (a)	5,141,881	22,628,758			5,141,881	17,426,362
11. Other non-health						
12. Medical incentive pools and bonus amounts	8,293,808		1,361,183	13,477,866	9,654,991	12,505,678
13. Totals (Lines 9 - 10 + 11 + 12)	108,547,610	1,261,272,444	2,905,890	143,658,773	111,453,500	127,953,807

(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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	837,053	837,065	837,054	837,073	837,049
2. 2011	770,841	829,118	829,121	828,955	828,863
3. 2012	X X X	768,610	835,757	836,917	837,286
4. 2013	X X X	X X X	749,299	804,217	804,285
5. 2014	X X X	X X X	X X X	711,201	757,293
6. 2015	X X X	X X X	X X X	X X X	711,761

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	837,053	837,065	837,054	837,073	837,049
2. 2011	770,841	829,118	829,121	828,955	828,863
3. 2012	X X X	768,610	835,757	836,917	837,286
4. 2013	X X X	X X X	749,299	804,217	804,285
5. 2014	X X X	X X X	X X X	711,201	758,485
6. 2015	X X X	X X X	X X X	X X X	789,826

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. 2011	984,903	828,863			828,863	84.157			828,863	84.157
2. 2012	968,153	837,286			837,286	86.483			837,286	86.483
3. 2013	959,122	804,285			804,285	83.856			804,285	83.856
4. 2014	937,593	757,293	21,107	2.787	778,400	83.021	1,192	176	779,768	83.167
5. 2015	894,906	711,761	21,107	2.965	732,868	81.893	78,065	11,514	822,447	91.903

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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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	43,553	43,562	43,556	43,575	43,582
2. 2011	36,294	42,480	42,514	42,680	42,692
3. 2012	X X X	37,499	43,404	44,564	44,568
4. 2013	X X X	X X X	37,601	43,900	43,929
5. 2014	X X X	X X X	X X X	38,898	43,692
6. 2015	X X X	X X X	X X X	X X X	38,839

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	43,553	43,562	43,556	43,575	43,582
2. 2011	36,294	42,480	42,514	42,680	42,692
3. 2012	X X X	37,499	43,404	44,564	44,568
4. 2013	X X X	X X X	37,601	43,900	43,929
5. 2014	X X X	X X X	X X X	38,898	43,688
6. 2015	X X X	X X X	X X X	X X X	44,391

12MS

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. 2011	52,710	42,692			42,692	80.994			42,692	80.994
2. 2012	53,964	44,568			44,568	82.588			44,568	82.588
3. 2013	54,736	43,929			43,929	80.256			43,929	80.256
4. 2014	55,334	43,692	1,194	2.733	44,886	81.118	(4)		44,882	81.111
5. 2015	56,055	38,839	1,194	3.074	40,033	71.417	5,552	662	46,247	82.503

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	26,583	22,786	22,785	22,785	22,785
2. 2011	21,387	22,751	22,753	22,753	22,753
3. 2012	X X X	21,354	23,401	23,401	23,402
4. 2013	X X X	X X X	21,214	22,515	22,517
5. 2014	X X X	X X X	X X X	22,820	24,408
6. 2015	X X X	X X X	X X X	X X X	21,079

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	26,583	22,786	22,785	22,785	22,785
2. 2011	21,387	22,751	22,753	22,753	22,753
3. 2012	X X X	21,354	23,401	23,401	23,402
4. 2013	X X X	X X X	21,214	22,515	22,517
5. 2014	X X X	X X X	X X X	22,820	24,414
6. 2015	X X X	X X X	X X X	X X X	22,910

12D0

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. 2011	27,947	22,753			22,753	81.415			22,753	81.415
2. 2012	28,711	23,402			23,402	81.509			23,402	81.509
3. 2013	27,887	22,517			22,517	80.744			22,517	80.744
4. 2014	31,381	24,408	618	2.532	25,026	79.749	6	1	25,033	79.771
5. 2015	29,415	21,079	618	2.932	21,697	73.762	1,831	341	23,869	81.146

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011					
3. 2012	XXX				
4. 2013	XXX	XXX			
5. 2014	XXX	XXX	XXX		
6. 2015	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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011					
3. 2012	XXX				
4. 2013	XXX	XXX			
5. 2014	XXX	XXX	XXX		
6. 2015	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. 2011										
2. 2012										
3. 2013										
4. 2014										
5. 2015										

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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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	94,835	94,731	94,590	94,582	94,594
2. 2011	86,814	86,710	86,777	86,841	86,844
3. 2012	X X X	85,195	93,826	93,875	93,873
4. 2013	X X X	X X X	82,306	95,316	95,435
5. 2014	X X X	X X X	X X X	88,486	96,702
6. 2015	X X X	X X X	X X X	X X X	93,070

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	94,835	94,731	94,590	94,582	94,594
2. 2011	86,814	86,710	86,777	86,841	86,844
3. 2012	X X X	85,195	93,826	93,875	93,873
4. 2013	X X X	X X X	82,306	95,316	95,435
5. 2014	X X X	X X X	X X X	88,486	96,781
6. 2015	X X X	X X X	X X X	X X X	100,410

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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. 2011	101,949	86,844			86,844	85.184			86,844	85.184
2. 2012	101,536	93,873			93,873	92.453			93,873	92.453
3. 2013	97,717	95,435			95,435	97.665			95,435	97.665
4. 2014	112,337	96,702	2,770	2.864	99,472	88.548	79	16	99,567	88.632
5. 2015	111,864	93,070	2,770	2.976	95,840	85.675	7,340	1,518	104,698	93.594

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	339,653	339,500	339,436	339,390	339,313
2. 2011	323,949	346,962	346,932	346,984	347,003
3. 2012	X X X	327,525	352,590	352,741	352,682
4. 2013	X X X	X X X	307,683	329,385	328,592
5. 2014	X X X	X X X	X X X	423,483	457,158
6. 2015	X X X	X X X	X X X	X X X	453,479

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	339,653	339,500	339,436	339,390	339,313
2. 2011	323,949	346,962	346,932	346,984	347,003
3. 2012	X X X	327,525	352,590	352,741	352,682
4. 2013	X X X	X X X	307,683	329,385	328,592
5. 2014	X X X	X X X	X X X	423,483	458,668
6. 2015	X X X	X X X	X X X	X X X	503,167

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. 2011	382,919	347,003			347,003	90.620			347,003	90.620
2. 2012	384,938	352,682			352,682	91.620			352,682	91.620
3. 2013	376,712	328,592			328,592	87.226			328,592	87.226
4. 2014	482,573	457,158	13,398	2.931	470,556	97.510	1,510	219	472,285	97.868
5. 2015	545,426	453,479	13,398	2.954	466,877	85.599	49,688	7,201	523,766	96.029

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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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	37,571	37,557	37,569	37,570	37,572
2. 2011					
3. 2012	XXX				
4. 2013	XXX	XXX			
5. 2014	XXX	XXX	XXX		
6. 2015	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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	37,571	37,557	37,569	37,570	37,572
2. 2011					
3. 2012	XXX				
4. 2013	XXX	XXX			
5. 2014	XXX	XXX	XXX		
6. 2015	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. 2011	(228)									
2. 2012	3									
3. 2013										
4. 2014										
5. 2015										

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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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	15,351	15,351	15,351	15,351	15,351
2. 2011	12,459	13,313	13,654	13,654	13,654
3. 2012	X X X	12,800	13,895	13,895	13,895
4. 2013	X X X	X X X	12,769	14,289	14,289
5. 2014	X X X	X X X	X X X	11,025	12,561
6. 2015	X X X	X X X	X X X	X X X	12,602

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	15,351	15,351	15,351	15,351	15,351
2. 2011	12,459	13,313	13,654	13,654	13,654
3. 2012	X X X	12,800	13,895	13,895	13,895
4. 2013	X X X	X X X	12,769	14,289	14,289
5. 2014	X X X	X X X	X X X	11,025	12,683
6. 2015	X X X	X X X	X X X	X X X	13,785

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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. 2011	18,719	13,654			13,654	72.942			13,654	72.942
2. 2012	20,810	13,895			13,895	66.771			13,895	66.771
3. 2013	21,542	14,289			14,289	66.331			14,289	66.331
4. 2014	21,321	12,561	386	3.073	12,947	60.724	122	20	13,089	61.390
5. 2015	23,653	12,602	386	3.063	12,988	54.911	1,183	194	14,365	60.732

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	1,394,599	1,390,552	1,390,341	1,390,326	1,390,246
2. 2011	1,251,744	1,341,334	1,341,751	1,341,867	1,341,809
3. 2012	X X X	1,252,983	1,362,873	1,365,393	1,365,706
4. 2013	X X X	X X X	1,210,872	1,309,622	1,309,047
5. 2014	X X X	X X X	X X X	1,295,913	1,391,814
6. 2015	X X X	X X X	X X X	X X X	1,330,830

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 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	1,394,599	1,390,552	1,390,341	1,390,326	1,390,246
2. 2011	1,251,744	1,341,334	1,341,751	1,341,867	1,341,809
3. 2012	X X X	1,252,983	1,362,873	1,365,393	1,365,706
4. 2013	X X X	X X X	1,210,872	1,309,622	1,309,047
5. 2014	X X X	X X X	X X X	1,295,913	1,394,719
6. 2015	X X X	X X X	X X X	X X X	1,474,489

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. 2011	1,568,919	1,341,809			1,341,809	85.524			1,341,809	85.524
2. 2012	1,558,115	1,365,706			1,365,706	87.651			1,365,706	87.651
3. 2013	1,537,716	1,309,047			1,309,047	85.129			1,309,047	85.129
4. 2014	1,640,539	1,391,814	39,473	2.836	1,431,287	87.245	2,905	432	1,434,624	87.448
5. 2015	1,661,319	1,330,830	39,473	2.966	1,370,303	82.483	143,659	21,430	1,535,392	92.420

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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	17,031,769					17,031,769			
2. Additional policy reserves (a)	4,405,958	82,213					4,323,745		
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)	21,437,727	82,213				17,031,769	4,323,745		
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	21,437,727	82,213				17,031,769	4,323,745		
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits	490,000	490,000							
11. Aggregate write-ins for other claim reserves	3,113,000	3,113,000							
12. Totals (gross)	3,603,000	3,603,000							
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)	3,603,000	3,603,000							

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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	3,113,000	3,113,000							
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)	3,113,000	3,113,000							

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 (\$ 9,548,645 for occupancy of own building)		3,654,441	6,540,737		10,195,178
2. Salaries, wages and other benefits	20,116,253	14,558,812	64,969,878		99,644,943
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)			17,476,349		17,476,349
4. Legal fees and expenses			2,751,197		2,751,197
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	903,946	3,383,864	11,927,859		16,215,669
7. Traveling expenses	172,565	225,598	1,115,301		1,513,464
8. Marketing and advertising	11,575	19,973	3,023,397		3,054,945
9. Postage, express and telephone	158,419	1,190,871	2,723,227		4,072,517
10. Printing and office supplies	41,492	790,178	1,693,179		2,524,849
11. Occupancy, depreciation and amortization	94,839	235,006	777,202		1,107,047
12. Equipment					
13. Cost or depreciation of EDP equipment and software	2,962,537	16,530,520	18,625,551		38,118,608
14. Outsourced services including EDP, claims, and other services	6,146,897	19,426,739	16,580,616		42,154,252
15. Boards, bureaus and association fees	149,573	60,659	2,090,507		2,300,739
16. Insurance, except on real estate	924		1,143,089		1,144,013
17. Collection and bank service charges					
18. Group service and administration fees			2,611,408		2,611,408
19. Reimbursements by uninsured plans	(7,130,242)	(15,253,908)	(39,737,897)		(62,122,047)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses				5,986,683	5,986,683
22. Real estate taxes				1,104,295	1,104,295
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			88,441		88,441
23.2 State premium taxes			19,380,665		19,380,665
23.3 Regulatory authority licenses and fees			37,151,102		37,151,102
23.4 Payroll taxes	1,287,431	911,147	4,066,398		6,264,976
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	(680,747)	5,979,095	299,948	1,145,425	6,743,721
26. Total expenses incurred (Lines 1 to 25)	24,235,462	51,712,995	175,298,154	8,236,403	(a) 259,483,014
27. Less expenses unpaid December 31, current year	6,963,643	14,897,503	37,089,968		58,951,114
28. Add expenses unpaid December 31, prior year	7,611,808	17,245,586	42,171,503		67,028,897
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)	24,883,627	54,061,078	180,379,689	8,236,403	267,560,797

DETAILS OF WRITE-IN LINES					
2501. ADMINISTRATIVE ALLOWANCES	604,841	1,293,911	(701)		1,898,051
2502. MISCELLANEOUS	17,202	(20,664)	300,649		297,187
2503. HOME PLAN SERVICE CHARGE		7,627,440			7,627,440
2598. Summary of remaining write-ins for Line 25 from overflow page	(1,302,790)	(2,921,592)		1,145,425	(3,078,957)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(680,747)	5,979,095	299,948	1,145,425	6,743,721

(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) 1,824,883	1,918,028
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 3,003,738	3,107,301
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	644,490	644,490
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 8,175,856	8,175,856
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 121,016	121,016
7. Derivative instruments	(f)	
8. Other invested assets	607,573	607,573
9. Aggregate write-ins for investment income		(1,563,283)
10. Total gross investment income	14,377,556	13,010,981
11. Investment expenses		(g) 8,236,404
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) 2,457,668
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		10,694,072
17. Net investment income (Line 10 minus Line 16)		2,316,909

DETAILS OF WRITE-IN LINES		
0901. INVESTMENT EXPENSES INTERNAL COSTS INVESTING AND INCOME		(1,353,158)
0902. PROMPT PAY INTEREST		(210,125)
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)		(1,563,283)
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

- (a) Includes \$ 60,169 accrual of discount less \$ 1,563,841 amortization of premium and less \$ 196,997 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 \$ 8,141,165 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 \$ 8,236,404 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 \$ 2,457,668 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	50,528	(148,247)	(97,719)		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	(50,342)	(1,061,927)	(1,112,269)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	10,930,056	(2,349,042)	8,581,014	(8,534,919)	
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	2,096,790	(1,224,096)	872,694	(3,253,003)	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	13,027,032	(4,783,312)	8,243,720	(11,787,922)	

DETAILS OF WRITE-IN LINES					
0901.					
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	2,452,655	1,727,444	(725,211)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination	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	15,429,541		(15,429,541)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	37,127,752	134,258,210	97,130,458
21. Furniture and equipment, including health care delivery assets	4,957,242	5,223,024	265,782
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	2,033,468	1,069,338	(964,130)
25. Aggregate write-ins for other-than-invested assets	11,023,034	89,122,207	78,099,173
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	73,351,417	231,727,948	158,376,531
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	73,351,417	231,727,948	158,376,531

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	10,548,619	88,668,724	78,120,105
2502. NET LEASEHOLD IMPROVEMENTS	474,415	446,145	(28,270)
2503. MISCELLANEOUS INVENTORY ITEMS		7,338	7,338
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	11,023,034	89,122,207	78,099,173

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	249,178	237,356	236,142	233,917	232,671	2,821,734
4. Point of Service						
5. Indemnity Only	2,220	2,137	2,089	1,999	1,944	24,775
6. Aggregate write-ins for other lines of business	136,708	114,119	114,089	114,925	114,823	1,373,391
7. Total	388,106	353,612	352,320	350,841	349,438	4,219,900

DETAILS OF WRITE-IN LINES						
0601. STOP LOSS	78,765	60,962	60,403	61,318	61,251	731,970
0602. MEDICARE SUPPLEMENT	25,053	23,705	23,837	23,668	23,661	284,631
0603. DENTAL ONLY	22,142	18,886	19,060	19,054	19,110	227,904
0698. Summary of remaining write-ins for Line 06 from overflow page	10,748	10,566	10,789	10,885	10,801	128,886
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	136,708	114,119	114,089	114,925	114,823	1,373,391

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 2015 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, 2015 and 2014 was \$0 and \$0, respectively. The Plan has committed \$0 and \$43,641 for 2015 and 2014 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. 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. The BlueTransIT system has replaced 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 resulted in an \$89.8 million charge to earnings in 2015. This is included on the Statement of Revenue page 4 Line 2913. 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 2015.

If the software were depreciated over 5 years the gain would be decreased by \$14,128,507 for the period ended December 31, 2014.

<u>NET INCOME</u>	State	<u>Dec 31, 2015</u>	<u>Dec 31, 2014</u>
(1) The Plan's state basis (RI)	RI	\$(125,947,322)	\$ 113,234
(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)
- Premium Assistance Program	RI	--	--
(4) NAIC SAP	RI	\$(125,947,322)	\$(14,015,273)
 <u>SURPLUS</u>			
(5) The Plan's state basis (RI)	RI	\$295,317,559	\$264,045,437
(6) State prescribed practice that increase/(decrease) NAIC SAP			
(7) State permitted practice that increase/(decrease) NAIC SAP reserves			
- Premium Assistance Program	RI	--	--
(8) NAIC SAP	RI	\$295,317,559	\$264,045,437

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

NOTES TO FINANCIAL STATEMENTS

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 1st 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.
- (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 \$828,460. The Plan also has a minority interest in Health Intelligence Co, LLC with a carrying value of \$651,410.
- (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.

D. Going Concern

The Plan is not considered a going concern in 2015.

2. Accounting Changes and Correction of Errors

There were no Accounting Changes and Correction of Errors in 2015.

3. Business Combinations and Goodwill

There were no Business Combinations and resulting Goodwill in 2015.

4. Discontinued Operations

The Plan did not incur discontinued operations for 2015.

5. Investments

- A. The Plan did not have any outstanding mortgage loans in 2015.
- B. The Plan did not have any debt restructuring in 2015.
- C. The Plan did not have any reverse mortgages in 2015.

NOTES TO FINANCIAL STATEMENTS

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 recognized other-than-temporary impairment (OTTI) for loan-backed securities of \$134,473

	1	2	3
	Amortized Cost Basis Before other-than- Temporary- Impairment	Other-than- Temporary- Impairment Recognized in loss	Fair Value 1 - 2
OTTI recognized 4 th Qtr			
j. Intent to sell	39,831,878	134,473	39,697,405
l. Total 4 th Qtr	39,831,878	134,473	39,697,405
m. Annual Aggregate Total	39,831,878	134,473	39,697,405

- (3) The Plan recognized OTTI for the following loan-backed securities see table below:

1	2	3	4	5	6	7
Cusip	Book Adjusted Carrying Value Before Current Period OTTI	Present Value of Projected Cash Flow	Recognized other-than Temporary Impairment	Amortized Cost after Other- Than-Temporary Impairment	Fair Value time of OTTI	Date of Financial where Reported
02006V-AC-2	3,001,494	2,991,480	10,014	2,991,480	2,991,480	12/31/15
03064V-AC-5	1,000,095	996,420	3,675	996,420	996,420	12/31/15
03065N-AB-1	1,475,308	1,471,062	4,246	1,471,062	1,471,062	12/31/15
12631D-AW-3	761,907	754,392	7,515	754,392	754,392	12/31/15
14041N-ET-4	2,509,388	2,500,475	8,913	2,500,475	2,500,475	12/31/15
14041N-EY-3	3,500,782	3,488,170	12,612	3,488,170	3,488,170	12/31/15
14313L-AC-0	534,843	534,400	443	534,400	534,400	12/31/15
161571-GP-3	2,521,476	2,514,733	6,743	2,514,733	2,514,733	12/31/15
161571-GQ-1	1,915,317	1,909,523	5,794	1,909,523	1,909,523	12/31/15
161571-HA-5	3,000,106	2,989,800	10,306	2,989,800	2,989,800	12/31/15
17305E-FC-4	2,003,125	2,001,200	1,925	2,001,200	2,001,200	12/31/15
17305E-FC-4	2,002,487	2,001,200	1,287	2,001,200	2,001,200	12/31/15
17305E-FK-6	3,000,340	2,999,550	790	2,999,550	2,999,550	12/31/15
17305E-FN-0	1,998,640	1,995,200	3,440	1,995,200	1,995,200	12/31/15
17305E-FU-4	2,008,974	2,004,680	4,294	2,004,680	2,004,680	12/31/15
254683-BE-4	2,003,254	1,999,000	4,254	1,999,000	1,999,000	12/31/15
254683-BJ-3	2,505,205	2,497,225	7,980	2,497,225	2,497,225	12/31/15
3132M9-2R-4	2,755,874	2,736,530	19,344	2,736,530	2,736,530	12/31/15
36251F-AT-3	307,414	304,395	3,019	304,395	304,395	12/31/15
46644F-AB-7	1,025,849	1,007,970	17,879	1,007,970	1,007,970	12/31/15
Total	39,831,878	39,697,405	134,473	39,697,405	39,697,405	

- (4) Loan-backed securities with unrealized losses as of December 31, 2015:

Loan-Backed Securities

- a. The aggregate amount of unrealized losses:

1. Less than 12 Months \$54,649
2. 12 Months or Longer \$0

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

1. Less than 12 Months \$11,311,192
2. 12 Months or Longer \$0

- (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.

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2015, 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 \$106,416,912.
- 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	\$106,377,895	\$113,892,312	\$(7,514,417)	\$106,377,895	15.23%	17.01%
b. Collateral held under security lending agreements	--	--	--	--	--	--
c. Subject to repurchase agreements	39,017	212,745	(173,728)	39,017	0.01%	0.01%
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	--	--	--	--	--	--
k. On deposit with regulatory bodies	--	--	--	--	--	--
l. Pledged as collateral FHLB	--	--	--	--	--	--
m.	Pledged as collateral not					
captured in other categories	--	--	--	--	--	--
n. Other restricted assets	--	--	--	--	--	--
o. Total Restricted Assets	<u>\$106,416,912</u>	<u>\$114,105,057</u>	<u>\$(7,688,145)</u>	<u>\$106,416,912</u>	<u>15.24%</u>	<u>17.02%</u>

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.

8. Derivative Instruments

The Plan does not own any derivative instruments.

9. Income Taxes

SSAP 101 became effective from January 1, 2012.

NOTES TO FINANCIAL STATEMENTS

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

(1)	12/31/2015			12/31/2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
	(000)								
(a) Gross deferred tax assets	\$174,184	\$ 1,435	\$175,619	\$169,228	\$ 15	\$169,243	\$ 4,955	\$ 1,420	\$ 6,375
(b) Statutory valuation allow	(140,931)	(215)	(141,146)	(165,677)	(15)	(165,692)	24,746	(200)	24,546
(c) Adjusted gross deferred tax	\$ 33,253	\$ 1,220	\$ 34,472	\$ 3,551	\$ 0	\$ 3,551	\$ 29,701	\$ 1,220	\$ 30,921
(d) Deferred tax nonadmitted	(13,472)	0	(13,472)	0	0	0	(13,472)	0	(13,472)
(e) subtotal (net deferred tax asset)	\$ 19,781	\$ 1,220	\$ 21,001	\$ 3,551	\$ 0	\$ 3,551	\$ 16,230	\$ 1,220	\$ 17,450
(f) deferred tax liabilities	(6,914)	0	(6,914)	0	(3,551)	(3,551)	(6,914)	3,551	(3,363)
(g) Gross deferred tax asset/(liabil)	\$ 12,866	\$ 1,220	\$ 14,086	\$ 3,551	\$ (3,551)	\$ 0	\$ 9,315	\$ 4,771	\$ 14,086

(2) Admission calculation components:

	12/31/2015			12/31/2014			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 Limitation per 11.b.ii.	\$ 14,086	\$ 0	\$ 14,086	\$ 0	\$ 0	\$ 0	\$ 14,086	\$ 0	\$ 14,086
(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	\$ N/A	\$ N/A	\$ 0	\$ N/A	\$ N/A	\$ 0	\$ N/A	\$ N/A	\$ 0
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	\$ 14,086	\$ 0	\$ 14,086	\$ 0	\$ 0	\$ 0	\$ 14,086	\$ 0	\$ 14,086

(3) Used in 11.b.

	2014	2013
(a) Ratio percentage used to determine recovery period and threshold limitation amount	542.3%	0.00%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$38,496,983	\$0

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

	12/31/2015			12/31/2014			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:

	12/31/2015	12/31/2014	Change
(1) Current Income Tax			
(a) Federal	914,457	112,763	801,694
(b) Foreign	0	0	0
(c) Subtotal	914,457	112,763	801,694
(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	\$ 914,457	\$ 112,763	\$ 801,694

(2) Deferred Tax Assets

a. Ordinary	12/31/2015	12/31/2014	Change
(1) Discount of unpaid losses	\$ 458,835	\$ 498,119	\$ (39,284)
(2) Unearned premium reserve	0	0	0
(3) Policyholder reserves	0	0	0
(4) Investments	0	0	0
(5) Intangibles	8,728,808	8,902,937	(174,129)
(6) Policyholder dividends accrual	0	0	0
(7) Fixed assets	0	9,659,795	(9,659,795)
(8) Nonadmitted assets	14,895,793	0	14,895,793
(9) Compensation and benefits accrual	8,922,993	6,798,688	2,124,305
(10) Pension accrual	2,204,588	2,159,973	44,615
(11) Receivables - nonadmitted	711,714	488,972	222,742
(12) Net operating loss carry-forward	55,296,194	55,296,194	0
(13) Tax credit carry-forward	72,096,072	71,181,615	914,457
(14) Other	10,868,541	14,242,366	(3,373,825)
(99) Subtotal – Gross ordinary DTAs	\$ 174,183,538	\$ 169,228,659	\$ 4,954,879
b. Statutory valuation allowance Adjustment	\$ (140,931,034)	\$ (165,677,455)	\$ 24,746,421
c. Nonadmitted	\$ (13,471,648)	\$ 0	\$ (13,471,648)
d. Admitted Ordinary Deferred Tax Assets	\$ 19,780,855	\$ 3,551,205	\$ 16,229,651
e. Capital			
(1) Investments	\$ 1,435,245	\$ 0	\$ 1,435,245

NOTES TO FINANCIAL STATEMENTS

(2) Net capital loss carry-forward	0	14,823	(14,823)
(3) Real estate	0	0	0
(4) Other	0	0	0
(99) Subtotal - Capital DTAs	<u>\$ 1,435,245</u>	<u>\$ 14,823</u>	<u>\$ 1,420,422</u>
f. Statutory Valuation allowance Adjustment	(215,287)	(14,823)	(200,464)
g. Nonadmitted	0	0	0
h. Admitted Capital Deferred Tax Assets	<u>\$ 1,219,958</u>	<u>\$ 0</u>	<u>\$ 1,219,958</u>
i. Admitted Deferred Tax asset	<u>\$ 21,000,814</u>	<u>\$ 3,551,206</u>	<u>\$ 17,449,609</u>

(3) Deferred Taxes Liabilities

	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>Change</u>
a. Ordinary			
(1) Investments	0	0	0
(2) Fixed Assets	(6,914,452)	0	(6,914,452)
(3) Deferred and Uncollected premiums	0	0	0
(4) Policyholder Reserves	0	0	0
(5) Other	0	0	0
(99) Subtotal - Ordinary DTLs	<u>\$ (6,914,452)</u>	<u>\$ 0</u>	<u>\$ (6,914,452)</u>
b. Capital			
(1) Investments	0	(3,551,205)	3,551,205
(2) Real estate	0	0	0
(3) Other	0	0	0
(99) Subtotal – Capital DTLs	<u>\$ 0</u>	<u>\$ (3,551,205)</u>	<u>\$ 3,551,205</u>
c. Deferred tax liabilities	<u>\$ (6,914,452)</u>	<u>\$ (3,551,205)</u>	<u>\$ (3,363,247)</u>
(4) Net deferred tax assets/liabilities	<u>\$ 14,086,362</u>	<u>\$ 0</u>	<u>\$ 14,086,362</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)	\$(125,032,866)	\$ (43,761,502)	-35.00%
Health Insurer fee	29,473,915	10,315,870	8.25%
Special 3 month reserve deduction	(51,216,334)	(17,925,717)	-14.34%
Change in Unrealized gains/losses	(30,672,992)	(10,735,547)	-8.59%
Revisions to estimates	(543,073)	(190,076)	-0.15%
Statutory Valuation Allowance Adjustment	7,870,279	2,754,598	2.20%
Nonadmitted assets	(42,559,409)	(14,895,793)	-11.91%
Change in non-admitted assets	173,806,070	60,832,124	48.65%
Other	<u>1,240,396</u>	<u>434,139</u>	<u>0.35%</u>
Total	<u>\$ (37,634,016)</u>	<u>\$ (13,171,904)</u>	<u>(10.53%)</u>
Federal Income Taxes Incurred		\$ 914,457	0.73%
Change in net deferred income taxes		<u>(14,086,361)</u>	<u>(11.27%)</u>
Total statutory income taxes		<u>\$ (13,171,904)</u>	<u>(10.53%)</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 \$75,046,602 expiring through calendar years 2030 to 2032.

Plan has an AMT credit carryforwards of \$72,096,072 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.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. Non-Applicable
- B. Non-Applicable
- C. Non-Applicable
- D. Non-Applicable

NOTES TO FINANCIAL STATEMENTS

- E. Non-Applicable
- F. Non-Applicable
- G. Non-Applicable
- H. Non-Applicable
- I. Non-Applicable
- J. Non-Applicable
- K. Non-Applicable
- L. Non-Applicable
- M. Non-Applicable
- N. 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 \$73,274,861.
- (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 \$4,260,694.
- (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 \$60,000,000.
- (4) Carrying value of line of credit is \$40,000,000 plus accrued interest of \$95,650.
- (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 \$747,684.
- (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 had 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 benefits were 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 maintain a pension benefit however additional benefits will not accrue for pay and service after December 31, 2013.

NOTES TO FINANCIAL STATEMENTS

Commencing 2014, the employee savings plan (401k) was increased from a 50 percent match to a dollar for dollar match of associate contributions up to 6 percent of eligible compensation. Additionally, transition contributions for three years through 2016, the Plan 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 contributed \$2.6 million in calendar year 2015 to satisfy obligations arising as a result of the curtailment. Remaining plan assets at December 31, 2015 amounted to approximately \$15 thousand.

During calendar year 2015 in accordance with Statements of Statutory Principles (SSAP) 102 a curtailment expense of \$64.1 million has been recognized in the Statement of Revenue and Expenses.

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. 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, 2015 and 2014 for the Defined Benefit Plan, for the SERP and the Postretirement Benefit Plan:

	(In Thousands)					
	Defined Benefit Plan		SERP		Postretirement	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Change in Projected Benefit Obligation:						
(1) Projected benefit obligation at beginning of year	\$255,188	\$204,123	\$4,343	\$5,872	\$17,637	\$17,686
(2) Service cost	187	1,374	--	44	--	--
(3) Interest cost	7,731	12,014	149	275	674	911
(4) Contributions by plan participants	--	--	--	--	--	--
(5) Actuarial loss/(gain) due to assumptions	(3,901)	58,958	(56)	101	1,087	659
(6) Foreign currency exchange rate	--	--	--	--	--	--
(7) Benefit and administrative expenses paid	(13,498)	(21,281)	25	(54)	(1,357)	(1,619)
(8) Plan amendments	--	--	--	--	--	--
(9) Curtailment, settlements, etc.	<u>(245,707)</u>	<u>--</u>	<u>(608)</u>	<u>(1,895)</u>	<u>--</u>	<u>--</u>
(10) Projected benefit obligation at end of year	<u>\$ --</u>	<u>\$255,188</u>	<u>\$3,853</u>	<u>\$4,343</u>	<u>\$18,041</u>	<u>\$17,637</u>

(2)	(In Thousands)					
	Defined Benefit Plan		SERP		Postretirement	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>

NOTES TO FINANCIAL STATEMENTS

Change in Plan Assets:

a. Fair value of assets at beginning of year	\$258,956	\$255,159	\$ --	\$ --	\$ --	\$ --
b. Actual return on plan assets	(2,330)	25,078	--	--	--	--
c. Foreign currency exchange rate	--	--	--	--	--	--
d. Contribution by reporting entity	2,594	--	664	1,949	1,357	1,619
e. Contribution by plan participants	--	--	--	--	--	--
f. Benefits paid	(13,498)	(21,281)	(56)	(54)	(1,357)	(1,619)
g. Business combinations & settlements	<u>(245,707)</u>	<u>--</u>	<u>(608)</u>	<u>(1,895)</u>	<u>--</u>	<u>--</u>
h. Fair value of assets at end of year	<u>\$ 15</u>	<u>\$258,956</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(3) Funded Status:

	(In Thousands)					
	Defined Benefit Plan		SERP		Postretirement	
	2015	2014	2015	2014	2015	2014
Overfunded:						
a. Assets (nonadmitted)						
1. Prepaid benefit costs	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
2. Overfunded plan assets	15	3,768	--	--	--	--
3. Total assets (nonadmitted)	15	3,768	--	--	--	--
Underfunded:						
b. Liabilities recognized						
1. Accrued benefit costs	--	--	3,504	3,932	14,070	14,648
2. Liability for pension benefits	--	--	349	411	3,970	2,989
3. Total liabilities recognized	--	--	3,853	4,343	18,041	17,637
c. Unrecognized liabilities	--	--	--	--	--	--

(4) Net periodic pension cost for 2015 and 2014 included the following components:

	(In Thousands)					
	Defined Benefit Plan		SERP		Postretirement	
	2015	2014	2015	2014	2015	2014
a. Service cost	\$ 187	\$ 1,374	\$ --	\$ 44	\$ --	\$ --
b. Interest cost	7,731	12,014	150	275	674	911
c. Expected return on plan assets	(10,632)	(22,956)	--	--	--	--
d. Transition asset or obligation	--	10	--	47	--	--
e. Gains and losses	813	--	3	1	318	462
f. Prior service cost or credit	--	678	--	146	(212)	(265)
g. G/L due to settlement or curtailment	<u>64,054</u>	<u>--</u>	<u>83</u>	<u>208</u>	<u>--</u>	<u>--</u>
h. Net periodic pension cost	<u>\$62,153</u>	<u>\$ (8,880)</u>	<u>\$ 236</u>	<u>\$ 721</u>	<u>\$ 780</u>	<u>\$ 1,108</u>

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

	(In Thousands)					
	Defined Benefit Plan		SERP		Postretirement	
	2015	2014	2015	2014	2015	2014
a. Items not yet recognized as a component of net periodic cost – prior year	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
b. Net transition asset or obligation recognized	--	--	--	--	--	--
c. Net prior service cost or credit arising during the period	--	--	--	--	212	212
d. Net prior service cost or credit recognized	--	--	--	--	--	--
e. Net gain and loss arising during the period	--	--	--	--	(318)	(363)
f. Net gain and loss recognized	--	--	--	--	--	--
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

	(In Thousands)					
	Defined Benefit Plan		SERP		Postretirement	
	2015	2014	2015	2014	2015	2014
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	--	--	--	--	--	--

NOTES TO FINANCIAL STATEMENTS

- (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		SERP		Postretirement	
	Plan					
	2015	2014	2015	2014	2015	2014
Projected benefit obligation	N/A	N/A	\$ 3,853	\$ 4,343	\$ 18,041	\$ 17,637
Accumulated benefit obligation	N/A	N/A	3,853	4,343	18,041	17,637
Fair value of plan assets	N/A	N/A	--	--	--	--

Pension Plans with plan asset in excess of accumulated benefit obligation
 (In Thousands)

	Defined Benefit		SERP		Postretirement	
	Plan					
	2015	2014	2015	2014	2015	2014
Projected benefit obligation	N/A	255,188	N/A	N/A	N/A	N/A
Accumulated benefit obligation	N/A	255,188	N/A	N/A	N/A	N/A
Fair value of plan assets	15	258,956	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, 2015 and 2014 about the Plan's pension plan financial assets by asset category.

1.

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Equity Mutual Funds	\$ --	\$ --	--	\$ --
Fixed Income Mutual Funds	--	--	--	--
Cash Holding Account	--	--	--	--
General Investment Account	--	--	14,836	14,836
Total Assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 14,836</u>	<u>\$ 14,836</u>

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Equity Mutual Funds	\$ --	\$ --	--	\$ --
Fixed Income Mutual Funds	--	252,636,519	--	252,636,519
Alternatives	--	--	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>

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

Beginning Transfers Transfers Return on Return on

Ending

NOTES TO FINANCIAL STATEMENTS

Description Asset	Balance 1/1/15	into Level 3	out of Level 3	Assets Still Held	Assets Sold	Purchases	Issuances	Sales	Settlements	Balance at 12/31/15
Alternatives	0	0	0	0	0	0	0	0	0	0
Cash Holding	5,506,725	0	0	0	0	0	0	5,506,725	0	0
GIA	812,771	0	0	0	138,916	0	0	936,851	0	14,836
Plan Assets	<u>6,319,496</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>138,916</u>	<u>0</u>	<u>0</u>	<u>6,443,576</u>	<u>0</u>	<u>14,836</u>

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 2015 and 2014 were approximately \$5,392,000 and \$5,091,000, 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

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, 2015 and 2014, 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.

NOTES TO FINANCIAL STATEMENTS

- 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 \$29,500,000 as separate surplus fund Page 3, Line 25 relating to the PPACA Health Insurer fee that will be recognized in CY 2016.
- 10) The portion of unassigned funds (surplus) represented was reduced by each of the following item:
 - a) Nonadmitted assets - \$73,351,417
- 11) The Plan does not have any surplus notes.
- 12) The Plan did not have any quasi-reorganization in 2015.
- 13) The Plan did not have any quasi-reorganization in 2015.

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 2015 and 2014 was approximately \$1,310,084 and \$1,265,840, respectively.

- 2) The Plan is committed, under long-term noncancelable operating leases and installment purchase agreements to minimum payments as follows:

	Leases
	Operating
2016	\$ 1,139,577
2017	1,133,439
2018	965,412
2019	423,240
2020	386,166
Less interest	-
Total minimum future payments	\$ 4,047,834

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.

NOTES TO FINANCIAL STATEMENTS

In December of 2015, the Plan expanded the scope of services with their long-term partner, Dell. Dell will continue to provide claims processing, enrollment and application development support and maintenance services. Beginning in 2016 Dell will provide provider and member call center support (for the commercial lines of business), business analysis, project management and credentialing services. Transition of these services to Dell will occur at contracted milestone dates between January of 2016 and August of 2017.

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 March 31, 2023, unless terminated earlier or extended in accordance with contract terms. The agreement calls for decreasing annual minimum commitments of \$8,800,000 for calendar year 2016, and is subject to adjustments for transition of additional services, continuous improvement, innovation and cost management activities to drive average annual expense reductions of \$16,000,000 for years 2017-2023. The aggregate value of the contract is approximately \$234,000,000.

In January of 2016 the Plan furthered partnership with Dell and agreed to make an investment into Data and Analytics capabilities valued at \$6,000,000 over a three year period.

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 \$7,600,000 as of January 31, 2016 and increasing to \$13,900,000 in January 2017 based on additional services transitioned to Dell. Termination Fees are not applicable beginning in January 2021.

The Plan awarded a five year \$22 million contract to HCL Technologies LTD headquartered in India effective November 1, 2014. HCL has assumed 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 22 parking spots at \$180.00 per month per space. Finally, the lessee is responsible for electricity usage for the specific rented space.

The Plan has 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 has 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.

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

NOTES TO FINANCIAL STATEMENTS

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, 2015 are as follows:

Years Ended December 31	<u>Operating Leases</u>
2016	\$ 1,656,880
2017	1,688,839
2018	1,389,588
2019	1,351,784
2020	<u>1,118,809</u>
Total	<u>\$ 7,205,900</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) Seven U.S. Treasury Notes with a combined par value of \$26,450,000 are pledged to satisfy Blue Cross Blue Shield Association membership standards for out-of-area provider claim settlements.

The Plan also has fifty-five Corporate/U.S. Treasury Bonds with a combined par value of \$76,988,921 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 2015:

	<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	\$807,187,875	--	\$807,187,875
b. Gross administrative fees accrued	<u>62,122,047</u>	--	<u>62,122,047</u>
c. Total revenue	869,309,922	--	869,309,922
d. Claims incurred	807,187,875	--	807,187,875
e. Variable cost	<u>20,634,680</u>	--	<u>20,634,680</u>

NOTES TO FINANCIAL STATEMENTS

f. Contribution to fixed overhead	41,487,367	--	41,487,367
g. Total fixed overhead	<u>45,928,804</u>	--	<u>45,928,804</u>
h. Total net gain or (loss) from operations	<u>(4,441,437)</u>	--	<u>(4,441,437)</u>

C) The Plan has a Medicare or similarly structured cost based reimbursement contract during 2015 and 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 \$10,907,000 as of December 31, 2015 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, 2015 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	\$ --	\$212,027,592	\$ --	\$212,027,592
Equity securities	<u>\$ 28,604,512</u>	<u>\$ 4,516,162</u>	<u>\$ 2,266,687</u>	<u>\$ 35,387,361</u>
Total Assets	<u>\$ 28,604,512</u>	<u>\$ 216,543,754</u>	<u>\$ 2,266,687</u>	<u>\$ 247,414,953</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, 2015.

	Beginning Balance 1/1/2015	Total gains and (losses) included in Net Income	Total gains and losses included in Surplus	Purchases	Sales	Ending Balance at 12/31/2015
Assets						
Private Equity	<u>\$2,279,246</u>	<u>0</u>	<u>(12,559)</u>	<u>0</u>	<u>0</u>	<u>\$2,266,687</u>
Total Assets	<u>\$2,279,246</u>	<u>0</u>	<u>(12,559)</u>	<u>0</u>	<u>0</u>	<u>\$2,266,687</u>

There were unrealized losses of \$12,559 attributable to the change in net unrealized losses relating to assets still held.

A3) There were no transfers between levels as of December 31, 2015.

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

NOTES TO FINANCIAL STATEMENTS

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	\$212,027,592	\$212,027,592	\$ --	\$212,027,592	\$ --	\$ --
Equity securities	\$ 35,387,361	\$ 35,387,361	\$ 28,604,512	\$ 4,516,162	\$ 2,266,687	\$ --
Total Assets	\$247,414,953	\$247,414,953	\$ 28,604,512	\$216,543,754	\$ 2,266,687	\$ --

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 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

NOTES TO FINANCIAL STATEMENTS

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 \$17,031,769 as of December 31, 2015, and is included in other current assets and other current liabilities in the accompanying consolidated balance sheets.

FEP represented approximately 34.2% of accounts receivable as of December 31, 2015. FEP represented approximately 6.7% of net revenue for the year ended December 31, 2015.

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 2015.
- E) 1) The Plan did not have a state transferable tax credit in 2015.
2) The Plan did not have a state transferable tax credit in 2015.
3) The Plan did not any impairment losses for state transferable tax credits in 2015.
4) The Plan did not have a state transferable tax credit in 2015.
- 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.
- H) The Plan did not receive proceeds from insurance-linked securities.

22. Events Subsequent

Nonrecognized Subsequent Event:

January 1, 2016, 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. As of December 31, 2015, the Plan has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2016 to be \$29,500,000. This amount is reflected in special surplus. This assessment is expected to impact risk based capital by (55.0%). Reporting the ACA assessment as of December 31, 2015 would not have triggered an RBC action level.

Dec 31, 2015

Dec 31, 2014

- A. Did the reporting entity write accident and health

NOTES TO FINANCIAL STATEMENTS

insurance premium that is subject to Section 9010 of the federal Affordable Care act (YES/NO)	Yes	
B. ACA fee assessment payable for the upcoming year	\$29,500,000	\$29,900,000
C. ACA fee assessment paid	29,473,915	21,161,246
D. Premium written subject to ACA 9010 assessment	1,539,709,128	1,437,775,704
E. Total Adjusted Capital before surplus adjustment	295,317,559	
F. Total Adjusted Capital after surplus adjustment	265,817,559	
G. Authorized Control Level	54,456,265	
H. Would reporting the ACA assessment as of December 31, 2015 have triggered an RBC action level (Yes/No)?	No	

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

- A) The Plan estimates accrued retrospective premium adjustments for its group health insurance business based on the Plan's underwriting polices, 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, 2015 that are subject to retrospective rating features was \$39,612,000, that represented 2.38% 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.

NOTES TO FINANCIAL STATEMENTS

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 2015 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 \$12,763,904

Liabilities

2) Risk adjustment user fees payable for ACA Risk Adjustment \$72,054

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 \$14,226,757

5) Reported in expenses as ACA risk adjustment user fees (incurred/paid) \$50,476

b. Transitional ACA Reinsurance Program

Assets

1) Amounts recoverable for claims paid due to ACA Reinsurance \$11,296,722

2) Amounts recoverable for claims unpaid due to ACA Reinsurance \$1,262,060

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 \$7,209,437

5) Ceded reinsurance premiums payable due to ACA Reinsurance \$831,387

6) Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance \$451,968

Operations (Revenue & Expense)

7) Ceded reinsurance premiums due to ACA Reinsurance \$831,387

8) Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments \$16,585,067

9) ACA Reinsurance contributions – not reported as ceded premium \$7,259,913

NOTES TO FINANCIAL STATEMENTS

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. Table in (\$000)

	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		Ref	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)		9 Cumulative Balance from Prior Years (Col 1-3+7) Receivable	10 Cumulative Balance from Prior Years (Col 2-+8) (Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable	\$1,850	\$ --	\$3,322	\$ --	\$(1,472)	\$ --	\$1,624	\$ --	A	\$152	\$ --
2. Premium adjustments (payable)	--	(84)	--	(63)	--	(22)	--	22	B	--	--
3. Subtotal ACA Permanent Risk Adjustment Program	1,850	(84)	3,322	(63)	(1,472)	(22)	1,624	22		152	--
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	16,827	--	20,853	--	(4,026)	--	4,026	--	C	--	--
2. Amounts recoverable for claims unpaid (contra liability)	2,542	--	2,542	--	--	--	--	--	D	--	--
3. Amounts receivable relating to uninsured plans	--	--	--	--	--	--	--	--	E	--	--
4. Liabilities for contributions payable due to ACA Reinsurance-not reported as ceded premiums	--	10,957	--	10,957	--	--	--	--	F	--	--
5. Ceded reinsurance premiums payable	--	1,763	--	1,763	--	--	--	--	G	--	--
6. Liability for amounts held under uninsured plans	--	754	--	754	--	--	--	--	H	--	--
7. Subtotal ACA Transitional Reinsurance Program	19,369	(13,475)	23,395	(13,475)	(4,026)	--	4,026	--		--	--
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	21,218	(13,559)	26,717	(13,537)	(5,498)	(22)	5,651	22		152	--

Explanations of Adjustments

- A Risk Adjuster updated based on 12/31/2015 HHS Notification
- 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 direct premiums written approximated \$545,426,257 representing 32.8% of total direct premiums written for accident and health contracts net as of December 31, 2015.

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2014 were \$157,732,000. As of December 31, 2015, \$108,083,000 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$1,801,000 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 \$13,650,000 favorable prior-year development since December 31, 2014 to December 31, 2015. 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.

NOTES TO FINANCIAL STATEMENTS

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>
12/31/15	\$9,063,658	\$ --	\$ --	\$ --	\$ --
09/30/15	8,014,633	9,063,658	3,207,557	--	--
06/30/15	7,323,336	9,184,248	3,250,892	5,933,356	--
03/31/15	5,960,147	8,901,023	3,343,426	3,886,589	1,356,214
12/31/14	\$5,960,147	\$6,303,316	\$3,922,234	\$2,231,587	\$ 149,495
09/30/14	5,659,446	5,942,460	3,659,813	2,215,660	66,987
06/30/14	5,290,693	5,923,093	3,640,627	2,227,503	54,963
03/31/14	4,614,367	5,766,534	3,707,519	2,060,438	(1,423)
12/31/13	\$4,397,609	\$5,459,081	\$3,860,018	\$1,531,380	\$ 67,683
09/30/13	4,465,407	4,942,829	3,563,674	1,333,872	45,283
06/30/13	4,501,201	4,716,527	3,630,669	877,968	207,890
03/31/13	6,390,446	4,670,143	--	4,548,796	121,347

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
2015	2015	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	-	
	2016	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
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

29. Participating Policies

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, 2015 and December 31, 2014.

1. Liability carried for premium deficiency reserves \$0
2. Date of the most recent evaluation of this liability 12/31/2015
3. Was anticipated investment income utilized in the calculation Yes No

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

NOTES TO FINANCIAL STATEMENTS

and Page 3 – Liabilities, Reserves and Special Funds, Line I for December 31, 2015 and 2014, was \$10,094,000 and \$10,590,000, 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?

Deloitte & Touche LLP, 185 Asylum Street, City Place I, 33rd Floor, 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 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

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

.....

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	\$ <u>39,017</u>
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	\$ <u>106,377,895</u>
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?
If no, attach a description with this statement. Yes [] No [] N/A [X]

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

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	484,378
024524-12-6	AMERICAN BEACON BR L/C VA-N	1,748
233203-82-7	DIMENSIONAL LARGE CAP VALUE S	10,147,204
57629E-15-9	MASSMUTUAL PREMIER CORE BON	2,222
57629E-30-8	MASSMUTUAL PREMIER INTL EQUIT	7,523
57629S-73-7	MASSMUTUAL SEL BLUE CHIP GRO	9,387
57629S-68-7	MASSMUTUAL SELECT INDEXED EQ	29,756
665162-72-3	NORTHERN SMALL CAP INDEX	1,663
72701U-40-1	PLAN ULTRASHORT DURATION BON	1,552,904
72701U-30-2	PLAN ULTRASHORT DURATION GOV'	1,203,636
808509-37-6	SCHWAB FUND INTER L/C INDEX FU	4,500,814
808509-41-8	SCHWAB FUND US S/M CO	4,199,716
595636-9F-0	SSGA S&P 500 INDX NL FUND CTF	4,516,162
779562-10-7	T ROWE PRICE NEW HORIZONS FUN	11,790
74149P-20-0	T ROWE PRICE RETIREMENT 2020 F	6,994
74149P-30-9	T ROWE PRICE RETIREMENT 2030 F	150,653
74149P-77-0	T ROWE PRICE RETIREMENT 2035 F	18,717
921908-87-7	VANGUARD REIT INDEX FUND-ADM	2,294
29.2999 TOTAL		26,847,561

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	19,956	12/31/2015
AMERICAN BALANCED FUND	Phillip Morris International Inc.	12,739	12/31/2015
AMERICAN BALANCED FUND	Amazon.com Inc.	11,722	12/31/2015
AMERICAN BALANCED FUND	Comcast Corp Class A	11,383	12/31/2015
AMERICAN BALANCED FUND	Wells Fargo & Co	10,366	12/31/2015
AMERICAN BEACON BR L/C V	S&p500 Emini Fut Dec15 Xcme	35	12/31/2015
AMERICAN BEACON BR L/C V	Cigna Corp	32	12/31/2015
AMERICAN BEACON BR L/C V	Tesoro Corp	31	12/31/2015
AMERICAN BEACON BR L/C V	HCA Holdings Inc.	30	12/31/2015
AMERICAN BEACON BR L/C V	Universal Health Services Inc.	27	12/31/2015
DIMENSIONAL LARGE CAP V	AT&T Inc.	398,785	12/31/2015
DIMENSIONAL LARGE CAP V	Exxon Mobil Corp	374,432	12/31/2015
DIMENSIONAL LARGE CAP V	JPMorgan Chace & Co.	366,314	12/31/2015
DIMENSIONAL LARGE CAP V	Comcast Corp Class A	356,167	12/31/2015
DIMENSIONAL LARGE CAP V	Pfizer Inc.	335,872	12/31/2015
MASSMUTUAL PREMIER COR	Us 5yr Note (Cbt) Mar16 Xcvt 2	294	12/31/2015

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 PREMIER COR	Us Ultra Bond Cbt Mar16 Xcvt 2	106	12/31/2015
MASSMUTUAL PREMIER COR	Govt Natl Mtg Asso 4.5%	84	12/31/2015
MASSMUTUAL PREMIER COR	Us 2yr Note (Cbt) Mar16 Xcvt 2	63	12/31/2015
MASSMUTUAL PREMIER INTL	Continental AG	135	12/31/2015
MASSMUTUAL PREMIER INTL	Infineon Technologies AG	131	12/31/2015
MASSMUTUAL PREMIER INTL	Dollarama Inc	120	12/31/2015
MASSMUTUAL PREMIER INTL	Novo Nordisk A/S B	120	12/31/2015
MASSMUTUAL PREMIER INTL	Nippon Telegraph & Telephone	120	12/31/2015
MASSMUTUAL SEL BLUE CHI	Amazon.com Inc	688	12/31/2015
MASSMUTUAL SEL BLUE CHI	Facebook Inc Class A	394	12/31/2015
MASSMUTUAL SEL BLUE CHI	Alphabet Inc Class C Capital St	362	12/31/2015
MASSMUTUAL SEL BLUE CHI	Visa Inc Class A	331	12/31/2015
MASSMUTUAL SEL BLUE CHI	Alphabet Inc Class A	259	12/31/2015
MASSMUTUAL SELECT INDE	Apple Inc	970	12/31/2015
MASSMUTUAL SELECT INDE	Microsoft Corp	732	12/31/2015
MASSMUTUAL SELECT INDE	Exxon Mobil Corporation	536	12/31/2015
MASSMUTUAL SELECT INDE	General Electric Co	485	12/31/2015
MASSMUTUAL SELECT INDE	Johnson & Johnson	470	12/31/2015
NORTHERN SMALL CAP INDE	STERIS PLC	6	12/31/2015
NORTHERN SMALL CAP INDE	Tyler Technologies Inc	6	12/31/2015
NORTHERN SMALL CAP INDE	Dyax Corporation	5	12/31/2015
NORTHERN SMALL CAP INDE	CubeSmart	5	12/31/2015
NORTHERN SMALL CAP INDE	Manhattan Associates Inc	5	12/31/2015
PLAN ULTRASHORT DURATI	US Treasury Note 0.188%	461,989	12/31/2015
PLAN ULTRASHORT DURATI	US Treasury Note 0.5%	136,034	12/31/2015
PLAN ULTRASHORT DURATI	US Treasury Note 1%	96,280	12/31/2015
PLAN ULTRASHORT DURATI	US Treasury Note 0.625%	66,620	12/31/2015
PLAN ULTRASHORT DURATI	Cap Auto Recv Abn 2013-3 1.6	14,908	12/31/2015
PLAN ULTRASHORT DURATI	GNMA 4.721%	32,739	12/31/2015
PLAN ULTRASHORT DURATI	FHLMC CMO 3.096%	32,017	12/31/2015
PLAN ULTRASHORT DURATI	FNMA 6%	27,443	12/31/2015
PLAN ULTRASHORT DURATI	FNMA 1.32%	26,721	12/31/2015
PLAN ULTRASHORT DURATI	FNMA 2.3%	25,156	12/31/2015
SCHWAB FUND INTER L/C IN	BP PLC	96,317	12/31/2015
SCHWAB FUND INTER L/C IN	Total SA	85,966	12/31/2015
SCHWAB FUND INTER L/C IN	Royal Dutch Shell PLC Class A	85,515	12/31/2015
SCHWAB FUND INTER L/C IN	HSBC Holdings PLC	54,010	12/31/2015
SCHWAB FUND INTER L/C IN	Royal Dutch Shell PLC Class B	53,110	12/31/2015
SCHWAB FUND US S/M CO	Russell 2000 Mini Mar16 Ifus 20	35,278	12/31/2015
SCHWAB FUND US S/M CO	Weight Watchers International I	20,159	12/31/2015
SCHWAB FUND US S/M CO	VeriSign Inc	12,179	12/31/2015
SCHWAB FUND US S/M CO	Keurig Green Mountain Inc	11,759	12/31/2015
SCHWAB FUND US S/M CO	Endurance Specialty Holdings L	11,759	12/31/2015
SSGA S&P 500 INDX NL FUND	Apple Inc	147,678	12/31/2015
SSGA S&P 500 INDX NL FUND	Microsoft Corp	111,549	12/31/2015
SSGA S&P 500 INDX NL FUND	Exxon Mobile Corp	81,743	12/31/2015
SSGA S&P 500 INDX NL FUND	General Electric Co	74,065	12/31/2015
SSGA S&P 500 INDX NL FUND	Johnson & Johnson	71,355	12/31/2015
T ROWE PRICE NEW HORIZO	O'Reilly Automotive Inc	301	12/31/2015
T ROWE PRICE NEW HORIZO	SS&C Technologies Holdings In	292	12/31/2015
T ROWE PRICE NEW HORIZO	Vail Resorts Inc	243	12/31/2015
T ROWE PRICE NEW HORIZO	Roper Technologies Inc	211	12/31/2015
T ROWE PRICE NEW HORIZO	Restoration Hardware Holdings	189	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price New Income	1,460	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price Equity Index 500	1,267	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price Growth Stock	561	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price Value	531	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price Ltd Dur Inf Focu	457	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price Growth Stock	22,236	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price Value	21,604	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price New Income	21,332	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price Equity Index 500	18,470	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price International Gr	10,968	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price Growth Stock	3,339	12/31/2015

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 Value	3,249	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price New Income	1,991	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price Equity Index 500	1,743	12/31/2015
T ROWE PRICE RETIREMENT	T. Rowe Price International Gr	1,469	12/31/2015
VANGUARD REIT INDEX FUN	Simon Property Group Inc	187	12/31/2015
VANGUARD REIT INDEX FUN	Public Storage	121	12/31/2015
VANGUARD REIT INDEX FUN	Equity Residential	91	12/31/2015
VANGUARD REIT INDEX FUN	AvalonBay Communities Inc	74	12/31/2015
VANGUARD REIT INDEX FUN	Welltower Inc	71	12/31/2015

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	324,645,841	323,530,009	(1,115,832)
30.2 Preferred stocks			
30.3 Totals	324,645,841	323,530,009	(1,115,832)

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 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 No

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

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes 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? \$ 2,904,818

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	\$ 1,297,774
.....	\$
.....	\$

GENERAL INTERROGATORIES

34.1 Amount of payments for legal expenses, if any? \$ 2,507,454

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

1 Name	2 Amount Paid
	\$
	\$
	\$

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 1,219,225

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

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes No
- 1.2 If yes, indicate premium earned on U.S. business only. \$ 56,054,707
- 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. \$ 42,584,516
- 1.6 Individual policies:
- Most current three years:
- | | |
|------------------------------|---------------------|
| 1.61 Total premium earned | \$ <u>2,764,477</u> |
| 1.62 Total incurred claims | \$ <u>2,200,467</u> |
| 1.63 Number of covered lives | <u>1,211</u> |
- All years prior to most current three years:
- | | |
|------------------------------|----------------------|
| 1.64 Total premium earned | \$ <u>37,649,456</u> |
| 1.65 Total incurred claims | \$ <u>29,968,172</u> |
| 1.66 Number of covered lives | <u>16,749</u> |
- 1.7 Group policies:
- Most current three years:
- | | |
|------------------------------|-------------------|
| 1.71 Total premium earned | \$ <u>230,852</u> |
| 1.72 Total incurred claims | \$ <u>153,734</u> |
| 1.73 Number of covered lives | <u>105</u> |
- All years prior to most current three years:
- | | |
|------------------------------|----------------------|
| 1.74 Total premium earned | \$ <u>15,409,921</u> |
| 1.75 Total incurred claims | \$ <u>10,262,143</u> |
| 1.76 Number of covered lives | <u>7,009</u> |

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	\$ <u>1,664,052,254</u>	\$ <u>1,644,025,009</u>
2.2 Premium Denominator	\$ <u>1,664,052,254</u>	\$ <u>1,644,025,009</u>
2.3 Premium Ratio (2.1 / 2.2)	<u>1.000</u>	<u>1.000</u>
2.4 Reserve Numerator	\$ <u>135,908,006</u>	\$ <u>165,142,383</u>
2.5 Reserve Denominator	\$ <u>168,002,389</u>	\$ <u>166,191,076</u>
2.6 Reserve Ratio (2.4 / 2.5)	<u>0.809</u>	<u>0.994</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
- 3.2 If yes, give particulars:
.....
.....
.....
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes No
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes No
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes No
- 5.2 If no, explain:
THE COMPANY EVALUATES THE NEED FOR REINSURANCE BY REVIEWING AT RISK LINES OF BUSINESS AND POLICY HOLDER CONTRACTS IN FORCE. FOR CALENDAR YEAR 2015, 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
.....
.....

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 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	4,447
8.2 Number of providers at end of reporting year	4,755

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

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months	
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

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 <input type="checkbox"/> No <input checked="" type="checkbox"/>
11.13 An Individual Practice Association (IPA), or,	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
11.14 A Mixed Model (combination of above)?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

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

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

RHODE ISLAND

.....

.....

.....

11.4 If yes, show the amount required. \$ 136,639,793

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes No

11.6 If the amount is calculated, show the calculation:

TOTAL UNDERWRITING DEDUCTIONS PAGE 4 LINE 23 \$1,639,677,521 DIVIDED BY TWELVE (12) MONTHS TO DERIVE THE MINIMUM NET WORTH OF \$136,639,793.

.....

.....

.....

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

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

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

13.4 If yes, please provide the balance of 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 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

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
	2015	2014	2013	2012	2011
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	625,291,806	614,611,830	601,465,897	583,688,989	605,459,619
2. Total liabilities (Page 3, Line 24)	329,974,247	350,566,393	313,864,697	323,505,534	282,057,660
3. Statutory minimum capital and surplus requirement	136,639,793	137,585,630	128,122,394	134,068,737	124,470,969
4. Total capital and surplus (Page 3, Line 33)	295,317,559	264,045,437	287,601,200	260,183,455	323,401,959
Income Statement (Page 4)					
5. Total revenues (Line 8)	1,661,318,809	1,640,538,775	1,537,716,047	1,558,114,822	1,568,919,402
6. Total medical and hospital expenses (Line 18)	1,388,430,910	1,404,023,945	1,322,518,992	1,374,804,008	1,339,095,989
7. Claims adjustment expenses (Line 20)	75,948,457	69,757,462	69,234,306	84,909,363	92,075,577
8. Total administrative expenses (Line 21)	175,298,154	177,260,045	145,715,432	149,111,473	155,180,064
9. Net underwriting gain (loss) (Line 24)	21,641,288	(10,502,677)	247,317	(50,710,022)	75,267,772
10. Net investment gain (loss) (Line 27)	10,560,628	14,518,426	22,038,924	16,664,500	10,733,049
11. Total other income (Lines 28 plus 29)	(157,234,781)	(3,789,752)	(416,416)	(7,448,147)	(13,299,153)
12. Net income or (loss) (Line 32)	(125,947,322)	113,234	21,748,694	(41,536,449)	72,708,907
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	22,311,824	(14,075,724)	22,790,025	(15,783,232)	15,476,526
Risk-Based Capital Analysis					
14. Total adjusted capital	295,317,559	264,045,437	287,601,200	260,183,455	323,401,959
15. Authorized control level risk-based capital	54,456,265	56,657,048	56,628,006	55,145,307	52,986,166
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	349,438	388,106	344,178	355,338	351,804
17. Total members months (Column 6, Line 7)	4,219,900	4,663,066	4,144,418	4,280,870	4,202,517
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	83.6	85.6	86.0	88.2	85.4
20. Cost containment expenses		1.4	1.7	1.9	1.6
21. Other claims adjustment expenses		2.9	3.9	3.5	4.2
22. Total underwriting deductions (Line 23)	98.7	100.6	100.0	103.3	95.2
23. Total underwriting gain (loss) (Line 24)	1.3	(0.6)	0.0	(3.3)	4.8
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	111,453,500	121,706,652	129,607,041	111,554,999	113,600,091
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	127,953,807	139,807,152	137,035,267	113,042,551	126,432,739
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	3,746,557	3,489,044	3,764,792	4,393,561	4,892,786
32. Total of above Lines 26 to 31	3,746,557	3,489,044	3,764,792	4,393,561	4,892,786
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	Direct Business Only							
		Active Status	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
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	1,005,003,257	545,126,450		111,864,373		1,661,994,080	
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	1,005,003,257	545,126,450		111,864,373		1,661,994,080	
60. Reporting entity contributions for Employee Benefit Plans		X X X	571,102	299,807				870,909	
61. Totals (Direct Business)		(a) 1	1,005,574,359	545,426,257		111,864,373		1,662,864,989	

DETAILS OF WRITE-INS	1	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

NONE

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. LEASEHOLD IMPROVEMENTS	474,415	474,415		
2505. COLLATERAL FUND HOME & HOST	237,517		237,517	245,825
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	711,932	474,415	237,517	245,825

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
WRITE-INS AGGREGATED AT LINE 23 FOR OTHER LIABILITIES				
2304. FEP & MISCELLANEOUS CLAIMS PAYABLES	42,522		42,522	166,022
2397. Totals (Lines 2304 through 2396) (Page 3, Line 23)	42,522		42,522	166,022

OVERFLOW PAGE FOR WRITE-INS

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. EMR GRANT PROGRAM			(10,000)
2905. INTEREST INCOME (NET OF PENALTIES)		(19,242)	(12,639)
2906. INTEREST EXPENSE IRS		(68,073)	(64,781)
2907. INTEREST EXPENSE TENANT COMMISSIONS		(69,093)	(506,357)
2908. BANK SERVICE CHARGES		(325,661)	(337,046)
2909. INTEREST EXPENSE LINE OF CREDIT		(747,684)	(424,707)
2910. HEALTH INFORMATION EXCHANGE		(1,693,752)	(1,895,370)
2911. GOOD HEALTH BENEFIT EXPENSE		(3,224,072)	(3,362,380)
2912. PENSION TERMINATION SETTLEMENT		(64,054,346)	
2913. BLUETRANSIT CHANGE IN USEFUL LIFE		(89,847,169)	
2997. Totals (Lines 2901 through 2996) (Page 4, Line 2998)		(160,049,092)	(6,613,280)

OVERFLOW PAGE FOR WRITE-INS

Page 5 - Continuation**STATEMENT OF REVENUE AND EXPENSES**

	1	2
WRITE-INS AGGREGATED AT LINE 47 FOR STATEMENT OF REVENUE AND EXPENSES	Current Year	Prior Year
4704. OTHER POSTEMPLOYMENT BENEFITS	(981,102)	
4705. CHANGE IN OTHER COMPREHENSIVE INCOME (QUALIFIED PENSION PLAN)	(20,616,081)	(308,990)
4797. Totals (Lines 4701 through 4796) (Page 4, Line 4798)	(21,597,183)	(308,990)

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			
WRITE-INS AGGREGATED AT LINE 25 FOR UNDERWRITING AND INVESTMENT EXHIBIT	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2504. AGENCY & PORTFOLIO MANAGEMENT FEES				1,145,425	1,145,425
2505. CLAIMS HANDLING EXPENSE		(134,500)			(134,500)
2506. BLUECARD ADMIN FEE INCOME	(1,302,790)	(2,787,092)			(4,089,882)
2597. Totals (Lines 2501 through 2596) (Page 14, Line 2598)	(1,302,790)	(2,921,592)		1,145,425	(3,078,957)

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	
WRITE-INS AGGREGATED AT LINE 06 FOR EXHIBIT 1						
0604. MEDICARE PRESCRIPTION DRUG PLAN	10,748	10,566	10,789	10,885	10,801	128,886
0605. TEMPORARY HIGH RISK POOL						
0697. Totals (Lines 0601 through 0697) (Page 17, Line 06)	10,748	10,566	10,789	10,885	10,801	128,886

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