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ANNUAL STATEMENT

For the Year Ended December 31, 2015

of the Condition and Affairs of the

Priority Health

NAIC Group Code.....3383, 3383 (Current Period) (Prior Period) NAIC Company Code..... 95561 Employer's ID Number..... 38-2715520

Organized under the Laws of Michigan State of Domicile or Port of Entry Michigan Country of Domicile US

Licensed as Business Type.....Health Maintenance Organization Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized..... March 7, 1986 Commenced Business..... October 15, 1986

Statutory Home Office	1231 East Beltline NE….. Grand Rapids ..... MI ..... UNI …. 49525-4501 *(Street and Number) (City or Town, State, Country and Zip Code)*	
Main Administrative Office	1231 East Beltline NE….. Grand Rapids ..... MI ..... UNI …. 49525-4501 *(Street and Number) (City or Town, State, Country and Zip Code)*	616-942-0954 *(Area Code) (Telephone Number)*
Mail Address	1231 East Beltline NE….. Grand Rapids ..... MI ..... UNI …. 49525-4501 *(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)*	
Primary Location of Books and Records	1231 East Beltline NE….. Grand Rapids ..... MI ..... UNI …. 49525-4501 *(Street and Number) (City or Town, State, Country and Zip Code)*	616-464-8837 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.priorityhealth.com	
Statutory Statement Contact	Rachel Brandon *(Name)*	616-464-8205 *(Area Code) (Telephone Number) (Extension)*
	rachel.brandon@priorityhealth.com *(E-Mail Address)*	616-942-7916 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Michael P Freed	President / Chief Executive Officer	2. Mary Anne Jones	Treasurer / Chief Financial Officer
3. Kimberly L Thomas	Secretary	4.	

OTHER

DIRECTORS OR TRUSTEES

Richard C Breon	Georgia R Fojtasek	Michael P Freed	Rajesh U Kothari
Lynne Liddle	Edward M Millermaier	Edwin Ness	Paul Saginaw
Hilary Snell	James J Stephanak	Michael Sytsma	Gary W Timmer
Bruce Ullery	Jody D Vanderwel	Michael Vredenburg	Wendy H Walker
Samuel L Wanner	Elaine Wood		

State of.....
County of.....

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

(Signature)	(Signature)	(Signature)
Joan Budden	Mary Anne Jones	Kimberly L Thomas
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President / Chief Executive Officer	Treasurer / Chief Financial Officer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____ 2016

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	338,631,083		338,631,083	257,389,970
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	193,839,544		193,839,544	165,118,985
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)	1,075,430	1,075,430	0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....(2,188,491), Schedule E-Part 1), cash equivalents ($.....0, Schedule E-Part 2) and short-term investments ($.....303,802,012, Schedule DA)	301,613,520		301,613,520	252,674,749
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)			0	
9. Receivables for securities			0	
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	835,159,577	1,075,430	834,084,147	675,183,704
13. Title plants less $.....0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	3,393,949		3,393,949	2,614,058
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	26,317,283	2,446,718	23,870,565	17,525,877
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums ($.....14,039) and contracts subject to redetermination ($.....0)	14,039		14,039	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	14,265,697		14,265,697	3,858,683
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans	4,214,052		4,214,052	11,943,086
18.1 Current federal and foreign income tax recoverable and interest thereon			0	
18.2 Net deferred tax asset			0	
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets ($.....0)	114,968	114,968	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	15,653,087	91,899	15,561,188	23,760,581
24. Health care ($.....14,740,177) and other amounts receivable	25,192,190	10,429,152	14,763,038	11,731,777
25. Aggregate write-ins for other than invested assets	47,106,489	47,106,489	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	971,431,331	61,264,656	910,166,675	746,617,766
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTALS (Lines 26 and 27)	971,431,331	61,264,656	910,166,675	746,617,766

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid expenses	47,106,489	47,106,489	0	
2502.			0	
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	47,106,489	47,106,489	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....0 reinsurance ceded)	183,178,272	9,680,797	192,859,069	154,829,931
2. Accrued medical incentive pool and bonus amounts	36,856,728		36,856,728	27,960,776
3. Unpaid claims adjustment expenses	3,394,950	166,785	3,561,735	2,831,871
4. Aggregate health policy reserves, including the liability of $.....0 for medical loss ratio rebate per the Public Health Service Act	40,721,688		40,721,688	3,808,938
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	27,709,226		27,709,226	15,659,691
9. General expenses due or accrued	21,916,064		21,916,064	26,436,979
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable	1,429,626		1,429,626	315,162
12. Amounts withheld or retained for the account of others			0	
13. Remittances and items not allocated	2,472,733		2,472,733	1,912,463
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....2,081 current)	10,002,081		10,002,081	10,002,733
15. Amounts due to parent, subsidiaries and affiliates	29,170,918		29,170,918	28,823,402
16. Derivatives			0	
17. Payable for securities	4,313,350		4,313,350	39,642
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties with ($.....0 authorized reinsurers, $.....0 unauthorized and $.....0 certified reinsurers)			0	
20. Reinsurance in unauthorized and certified ($.....0) companies			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans	9,330,219		9,330,219	3,408,040
23. Aggregate write-ins for other liabilities (including $.....0 current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	370,495,855	9,847,582	380,343,437	276,029,628
25. Aggregate write-ins for special surplus funds	XXX	XXX	18,874,000	20,655,000
26. Common capital stock	XXX	XXX	8,524	8,524
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	35,821,002	35,821,002
29. Surplus notes	XXX	XXX	24,039,572	30,039,572
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	451,080,141	384,064,040
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 $.....0)	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 $.....0)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	529,823,239	470,588,138
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	910,166,676	746,617,766

DETAILS OF WRITE-INS

2301.			0	
2302.			0	
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0	0	0
2501. Appropriated Retained Earnings	XXX	XXX	1,000,000	1,000,000
2502. Reserve for Insurer Fee	XXX	XXX	17,874,000	19,655,000
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	XXX	XXX	18,874,000	20,655,000
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	4,799,342	4,358,026
2. Net premium income (including $.....0 non-health premium income)	XXX	2,187,715,855	1,981,391,840
3. Change in unearned premium reserves and reserve for rate credits	XXX	(1,848,165)	1,719,000
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	1,801,755	1,447,140
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	2,187,669,445	1,984,557,980
Hospital and Medical:			
9. Hospital/medical benefits		1,453,276,534	1,305,679,425
10. Other professional services		10,237,144	9,468,371
11. Outside referrals		31,086,865	33,592,340
12. Emergency room and out-of-area		70,163,775	65,091,205
13. Prescription drugs		293,202,223	251,705,633
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		36,583,780	26,652,190
16. Subtotal (Lines 9 to 15)	0	1,894,550,321	1,692,189,164
Less:			
17. Net reinsurance recoveries		15,514,537	4,977,946
18. Total hospital and medical (Lines 16 minus 17)	0	1,879,035,784	1,687,211,218
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....30,007,256 cost containment expenses		70,955,130	64,198,032
21. General administrative expenses		179,838,102	151,097,550
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)	0	2,129,829,016	1,902,506,800
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	57,840,429	82,051,180
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		28,138,432	6,236,924
26. Net realized capital gains or (losses) less capital gains tax of $.....0		128,949	790,169
27. Net investment gains or (losses) (Lines 25 plus 26)	0	28,267,381	7,027,093
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	0	5,028,543	2,299,119
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	91,136,353	91,377,392
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	91,136,353	91,377,392

DETAILS OF WRITE-INS

0601. Wellness Revenue	XXX	1,801,755	1,447,140
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	1,801,755	1,447,140
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901. Management Fee Revenue		1,506,161	2,299,119
2902. Vendor Settlement		3,522,382	
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	5,028,543	2,299,119

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	470,588,137	394,858,477
34. Net income or (loss) from Line 32	91,136,353	91,377,392
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains and (losses) less capital gains tax of $.....0	(4,054,736)	14,419,441
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(20,846,517)	(30,067,173)
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes	(6,000,000)	
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	(1,000,000)	0
48. Net change in capital and surplus (Lines 34 to 47)	59,235,100	75,729,660
49. Capital and surplus end of reporting period (Line 33 plus 48)	529,823,237	470,588,137

DETAILS OF WRITE-INS

4701. Adjustment to non-insurance subsidiary	(1,000,000)	
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	(1,000,000)	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	2,193,825,465	1,993,773,110
2. Net investment income	28,835,629	7,389,558
3. Miscellaneous income	1,801,755	1,447,140
4. Total (Lines 1 through 3)	2,224,462,849	2,002,609,808
5. Benefit and loss related payments	1,817,848,154	1,702,356,871
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	235,904,527	205,832,993
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	2,053,752,681	1,908,189,864
11. Net cash from operations (Line 4 minus Line 10)	170,710,168	94,419,944
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	155,496,463	55,693,419
12.2 Stocks	247,233	26,405,603
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	5,966	12,451
12.7 Miscellaneous proceeds	4,273,708	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	160,023,370	82,111,473
13. Cost of investments acquired (long-term only):		
13.1 Bonds	238,111,334	121,047,966
13.2 Stocks	32,747,070	24,257,930
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		669,018
13.7 Total investments acquired (Lines 13.1 to 13.6)	270,858,404	145,974,914
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	(110,835,034)	(63,863,441)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	(6,000,000)	
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds	(652)	2,733
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(4,935,715)	2,404,280
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(10,936,367)	2,407,013
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	48,938,767	32,963,516
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	252,674,753	219,711,237
19.2 End of year (Line 18 plus Line 19.1)	301,613,520	252,674,753

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

20.0001		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	2,187,715,855	1,271,823,257	20,630,354			920,834	894,341,410			
2. Change in unearned premium reserves and reserve for rate credit	(1,848,165)						(1,848,165)			
3. Fee-for-service (net of $.....0 medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	1,801,755	1,801,755	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	2,187,669,445	1,273,625,012	20,630,354	0	0	920,834	892,493,245	0	0	0
8. Hospital/medical benefits	1,453,276,534	814,785,926	13,734,805			616,013	624,139,790			XXX
9. Other professional services	10,237,144	352,006					9,885,138			XXX
10. Outside referrals	31,086,865	19,592,099	319,667				11,175,099			XXX
11. Emergency room and out-of-area	70,163,775	33,548,100	313,003				36,302,672			XXX
12. Prescription drugs	293,202,223	202,183,822	190,767				90,827,634			XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	36,583,780	27,379,459					9,204,321			XXX
15. Subtotal (Lines 8 to 14)	1,894,550,321	1,097,841,412	14,558,242	0	0	616,013	781,534,654	0	0	XXX
16. Net reinsurance recoveries	15,514,537	15,514,537								XXX
17. Total hospital and medical (Lines 15 minus 16)	1,879,035,784	1,082,326,875	14,558,242	0	0	616,013	781,534,654	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....30,007,256 cost containment expenses	70,955,130	52,283,617	1,428,937				17,242,576			
20. General administrative expenses	179,838,102	119,102,889	2,698,301			86,234	57,950,678			
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	2,129,829,016	1,253,713,381	18,685,480	0	0	702,247	856,727,908	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	57,840,429	19,911,631	1,944,874	0	0	218,587	35,765,337	0	0	0

DETAILS OF WRITE-INS

0501. Wellness Revenue	1,801,755	1,801,755								XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	1,801,755	1,801,755	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

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)	1,273,918,816		2,095,559	1,271,823,257
2. Medicare supplement	20,630,354			20,630,354
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan	920,834			920,834
6. Title XVIII - Medicare	894,374,628		33,218	894,341,410
7. Title XIX - Medicaid				0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	2,189,844,632	0	2,128,777	2,187,715,855
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	2,189,844,632	0	2,128,777	2,187,715,855

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and 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 Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	1,865,993,584	1,076,944,928	14,164,803			616,013	774,267,840			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	5,107,523	5,107,523								
1.4 Net	1,860,886,061	1,071,837,405	14,164,803	0	0	616,013	774,267,840	0	0	0
2. Paid medical incentive pools and bonuses	27,687,827	19,371,636					8,316,191			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	192,859,069	108,077,189	2,859,432				81,922,448			
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	192,859,069	108,077,189	2,859,432	0	0	0	81,922,448	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	36,856,728	28,369,626					8,487,102			
6. Net healthcare receivables (a)	46,056,183	26,562,282					19,493,901			
7. Amounts recoverable from reinsurers December 31, current year	14,265,697	14,265,697								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	154,829,931	87,997,884	2,465,993				64,366,054			
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	0									
8.4 Net	154,829,931	87,997,884	2,465,993	0	0	0	64,366,054	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	27,960,775	20,361,803					7,598,972			
11. Amounts recoverable from reinsurers December 31, prior year	3,858,683	3,858,683								
12. Incurred benefits:										
12.1 Direct	1,857,966,539	1,070,461,951	14,558,242	0	0	616,013	772,330,333	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	15,514,537	15,514,537	0	0	0	0	0	0	0	0
12.4 Net	1,842,452,003	1,054,947,414	14,558,242	0	0	616,013	772,330,333	0	0	0
13. Incurred medical incentive pools and bonuses	36,583,780	27,379,459	0	0	0	0	9,204,321	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	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 Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct	54,056,160	30,319,942	407,906				23,328,312			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	54,056,160	30,319,942	407,906	0	0	0	23,328,312	0	0	0
2. Incurred but unreported:										
2.1 Direct	138,763,481	77,717,819	2,451,526				58,594,136			
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	138,763,481	77,717,819	2,451,526	0	0	0	58,594,136	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct	39,428	39,428								
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	39,428	39,428	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct	192,859,069	108,077,189	2,859,432	0	0	0	81,922,448	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	192,859,069	108,077,189	2,859,432	0	0	0	81,922,448	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	77,697,363	983,628,944	232,356	107,844,833	77,929,719	87,997,885
2. Medicare supplement	1,318,533	12,846,271	3,205	2,856,227	1,321,738	2,465,993
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan		720,100			0	
6. Title XVIII - Medicare	62,465,284	711,802,554	169,202	81,753,246	62,634,486	64,366,053
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	141,481,180	1,708,997,869	404,763	192,454,306	141,885,943	154,829,931
10. Healthcare receivables (a)	9,270,333	18,340,360		27,715,823	9,270,333	9,270,333
11. Other non-health					0	
12. Medical incentive pools and bonus amounts	22,599,142	5,088,685	3,001	36,853,728	22,602,143	27,960,776
13. Totals (Lines 9 - 10 + 11 + 12)	154,809,989	1,695,746,194	407,764	201,592,211	155,217,753	173,520,374

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	151,033	151,033	151,033	151,033	151,033
2. 2011	1,524,292	1,685,234	1,685,234	1,685,234	1,685,234
3. 2012	XXX	1,555,357	1,704,534	1,704,534	1,704,534
4. 2013	XXX	XXX	1,509,146	1,643,233	1,643,233
5. 2014	XXX	XXX	XXX	1,544,157	1,685,638
6. 2015	XXX	XXX	XXX	XXX	1,708,998

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011	1,690,832	1,691,879	1,691,879	1,691,879	1,691,879
3. 2012	XXX	1,718,150	1,705,195	1,705,195	1,705,195
4. 2013	XXX	XXX	1,671,597	1,641,881	1,641,881
5. 2014	XXX	XXX	XXX	1,716,928	1,698,626
6. 2015	XXX	XXX	XXX	XXX	1,897,338

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2011	1,857,130	1,685,234	50,947	3.0	1,736,181	93.5			1,736,181	93.5
2. 2012	1,937,941	1,704,534	58,465	3.4	1,762,999	91.0			1,762,999	91.0
3. 2013	1,877,833	1,643,233	60,638	3.7	1,703,871	90.7			1,703,871	90.7
4. 2014	1,981,392	1,685,638	66,598	4.0	1,752,236	88.4	407	7	1,752,650	88.5
5. 2015	2,187,715	1,708,998	41,503	2.4	1,750,501	80.0	229,310	3,555	1,983,366	90.7

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	114,863	114,863	114,863	114,863	114,863
2. 2011	1,124,044	1,243,867	1,243,867	1,243,867	1,243,867
3. 2012	XXX	1,052,247	1,153,174	1,153,174	1,153,174
4. 2013	XXX	XXX	924,261	1,010,513	1,010,513
5. 2014	XXX	XXX	XXX	891,279	968,976
6. 2015	XXX	XXX	XXX	XXX	983,629

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior					
2. 2011	1,245,247	1,248,690	1,248,690	1,248,690	1,248,690
3. 2012	XXX	1,161,730	1,152,746	1,152,746	1,152,746
4. 2013	XXX	XXX	1,027,316	1,008,881	1,008,881
5. 2014	XXX	XXX	XXX	993,196	978,613
6. 2015	XXX	XXX	XXX	XXX	1,097,545

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2011	1,355,417	1,243,867	44,021	3.5	1,287,888	95.0			1,287,888	95.0
2. 2012	1,314,248	1,153,174	47,901	4.2	1,201,075	91.4			1,201,075	91.4
3. 2013	1,174,902	1,010,513	46,400	4.6	1,056,913	90.0			1,056,913	90.0
4. 2014	1,175,985	968,976	48,908	5.0	1,017,884	86.6	235	4	1,018,123	86.6
5. 2015	1,271,823	983,629	30,224	3.1	1,013,853	79.7	136,214	2,066	1,152,133	90.6

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	134	134	134	134	134
2. 2011	2,559	2,760	2,760	2,760	2,760
3. 2012	XXX	6,411	7,823	7,823	7,823
4. 2013	XXX	XXX	8,314	9,662	9,662
5. 2014	XXX	XXX	XXX	10,067	11,386
6. 2015	XXX	XXX	XXX	XXX	12,846

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

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	2,796	2,796	2,796	2,796	2,796
3. 2012	XXX	7,195	8,306	8,306	8,306
4. 2013	XXX	XXX	9,624	9,662	9,662
5. 2014	XXX	XXX	XXX	12,018	10,874
6. 2015	XXX	XXX	XXX	XXX	15,702

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2011	3,873	2,760	267	9.7	3,027	78.2			3,027	78.2
2. 2012	8,557	7,823	692	8.8	8,515	99.5			8,515	99.5
3. 2013	12,594	9,662	1,108	11.5	10,770	85.5			10,770	85.5
4. 2014	15,662	11,386	1,370	12.0	12,756	81.4	3		12,759	81.5
5. 2015	20,630	12,846	1,014	7.9	13,860	67.2	2,856	54	16,770	81.3

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

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	720

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

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	788

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2011				0.0	0	0.0			0	0.0
2. 2012				0.0	0	0.0			0	0.0
3. 2013				0.0	0	0.0			0	0.0
4. 2014				0.0	0	0.0			0	0.0
5. 2015	921	720		0.0	720	78.2			720	78.2

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	36,036	36,036	36,036	36,036	36,036
2. 2011	397,689	438,607	438,607	438,607	438,607
3. 2012	XXX	496,699	543,537	543,537	543,537
4. 2013	XXX	XXX	576,571	623,058	623,058
5. 2014	XXX	XXX	XXX	642,811	705,276
6. 2015	XXX	XXX	XXX	XXX	711,803

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

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	442,789	440,393	440,393	440,393	440,393
3. 2012	XXX	549,225	544,143	544,143	544,143
4. 2013	XXX	XXX	634,657	623,338	623,338
5. 2014	XXX	XXX	XXX	711,714	709,139
6. 2015	XXX	XXX	XXX	XXX	783,303

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2011	497,840	438,607	6,659	1.5	445,266	89.4			445,266	89.4
2. 2012	615,136	543,537	9,872	1.8	553,409	90.0			553,409	90.0
3. 2013	690,337	623,058	13,130	2.1	636,188	92.2			636,188	92.2
4. 2014	789,745	705,276	16,320	2.3	721,596	91.4	169	3	721,768	91.4
5. 2015	894,341	711,803	10,265	1.4	722,068	80.7	90,240	1,435	813,743	91.0

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Paid Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development of Incurred Health Claims
NONE

Underwriting and Investment Ex. - Pt. 2C - Development Ratio Incurred Year Health Claims
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital and 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
1. Unearned premium reserves	0								
2. Additional policy reserves (a)	0								
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $.....0) for investment income	40,721,688	40,721,688							
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	40,721,688	40,721,688	0	0	0	0	0	0	0
7. Reinsurance ceded	0								
8. Totals (net) (Page 3, Line 4)	40,721,688	40,721,688	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0

DETAILS OF WRITE-INS

0501.	0								
0502.	0								
0503.	0								
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.	0								
1102.	0								
1103.	0								
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($.....0 for occupancy of own building)	657,623	897,391	1,761,288		3,316,302
2. Salaries, wages and other benefits	15,722,731	21,408,321	42,056,517		79,187,569
3. Commissions (less $.....0 ceded plus $.....0 assumed)			48,372,796		48,372,796
4. Legal fees and expenses	32,429	44,252	86,853		163,534
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	6,105	8,330	16,350		30,785
7. Traveling expenses	92,412	126,106	247,505		466,023
8. Marketing and advertising	1,175,859	1,604,576	3,225,747		6,006,182
9. Postage, express and telephone	576,161	786,230	1,543,113		2,905,504
10. Printing and office supplies	551,130	752,071	1,476,071		2,779,272
11. Occupancy, depreciation and amortization	331,848	452,839	888,777		1,673,464
12. Equipment					0
13. Cost or depreciation of EDP equipment and software	264,251	360,597	707,734		1,332,582
14. Outsourced services including EDP, claims, and other services	2,706,107	3,692,751	12,461,215		18,860,073
15. Boards, bureaus and association fees	78,610	107,271	210,538		396,419
16. Insurance, except on real estate	57,872	78,972	154,997		291,841
17. Collection and bank service charges	28,008	38,221	398,330		464,559
18. Group service and administration fees	34,826	94,431	146,403		275,660
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes	12,151	16,580	77,633		106,364
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			7,831,928		7,831,928
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees	1	1	36,552,568		36,552,570
23.4 Payroll taxes					0
23.5 Other (excluding federal income and real estate taxes)	16,273	22,207	1,098,562		1,137,042
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	7,662,859	10,456,727	20,523,177	0	38,642,763
26. Total expenses incurred (Lines 1 to 25)	30,007,256	40,947,874	179,838,102	0	(a) 250,793,232
27. Less expenses unpaid December 31, current year	1,505,279	2,056,456	21,916,064		25,477,799
28. Add expenses unpaid December 31, prior year	817,527	2,014,344	26,436,979		29,268,850
29. Amounts receivable relating to uninsured plans, prior year			8,535,046		8,535,046
30. Amounts receivable relating to uninsured plans, current year			4,214,052		4,214,052
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	29,319,504	40,905,762	180,038,023	0	250,263,289

DETAILS OF WRITE-INS

2501. Finance Management Fee	504,683	688,690	1,351,675		2,545,048
2502. HR Management Fee	435,518	594,308	1,166,433		2,196,259
2503. IS Management Fee	6,544,280	8,930,319	17,527,318		33,001,917
2598. Summary of remaining write-ins for Line 25 from overflow page	178,378	243,410	477,751	0	899,539
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	7,662,859	10,456,727	20,523,177	0	38,642,763

(a) Includes management fees of $.....149,690,823 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) 4,555,098	4,766,420
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) (2,726,026)	3,405,830
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	1,949,837	1,949,837
2.21	Common stocks of affiliates	20,000,000	20,000,000
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) (64,588)	57,423
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	23,714,321	30,179,510
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 1,802,374
14.	Depreciation on real estate and other invested assets		(i) 238,704
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		2,041,078
17.	Net investment income (Line 10 minus Line 16)		28,138,432

DETAILS OF WRITE-INS

0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....392,052 accrual of discount less $.....1,630,436 amortization of premium and less $.....795,380 paid for accrued interest on purchases.
(b) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....22,899 accrual of discount less $.....2,210,816 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 $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $.....1,802,374 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....238,704 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	(158,295)		(158,295)		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	34,045		34,045	(11,126)	
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	247,233		247,233	(4,283,665)	
2.21	Common stocks of affiliates			0	257,155	
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	5,966		5,966		
7.	Derivative instruments			0		
8.	Other invested assets			0	(17,100)	
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	128,949	0	128,949	(4,054,736)	0

DETAILS OF WRITE-INS

0901.				0		
0902.				0		
0903.				0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF 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)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks		1	1
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	1,075,430	1,314,134	238,704
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,075,430	1,314,135	238,705
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	2,446,718	1,751,056	(695,662)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums and contracts subject to redetermination			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset			0
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets	114,968	1,646,636	1,531,668
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates	91,899	181,250	89,351
24. Health care and other amounts receivable	10,429,152	2,301,486	(8,127,666)
25. Aggregate write-ins for other than invested assets	47,106,489	33,223,576	(13,882,913)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	61,264,656	40,418,139	(20,846,517)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	61,264,656	40,418,139	(20,846,517)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Expenses	47,106,489	33,223,576	(13,882,913)
2502.			0
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	47,106,489	33,223,576	(13,882,913)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health maintenance organizations	220,245	242,251	242,215	245,853	247,526	2,890,828
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service	43,598	50,565	51,005	51,303	52,408	604,242
5. Indemnity only						
6. Aggregate write-ins for other lines of business	99,193	106,822	108,287	110,066	111,736	1,304,272
7. Total	363,036	399,638	401,507	407,222	411,670	4,799,342

DETAILS OF WRITE-INS

0601. Medicare Advantage	91,179	97,561	98,594	99,911	101,086	1,187,056
0602. Medigap	8,014	9,261	9,693	10,155	10,650	117,216
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	99,193	106,822	108,287	110,066	111,736	1,304,272

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN

A. Accounting Practices

The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services (DIFS). DIFS requires that HMOs domiciled in Michigan prepare their statutory-basis financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by DIFS.

	State of Domicile	2015	2014
NET INCOME			
(1) Priority Health state basis (Page 4, Line 32, Columns 2 &3)	MI	$ 91,136,353	$ 91,377,392
(2) State Prescribed Practices that increase/decrease NAIC SAP			
(3) State Permitted Practices that increase/decrease NAIC SAP			
(4) NAIC SAP (1 – 2 – 3 = 4)	MI	$ 91,136,353	$ 91,377,392
SURPLUS			
(5) Priority Health state basis (Page 3, line 33, Columns 3 & 4)	MI	$ 529,823,238	$ 470,588,138
(6) State Prescribed Practices that increase/decrease NAIC SAP			
(7) State Permitted Practices that increase/decrease NAIC SAP			
(8) NAIC SAP (5 – 6 – 7 = 8)	MI	$ 529,823,238	$ 470,588,138

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

The preparation of financial statements of HMOs requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

C. Accounting Policy

(1) All short-term investments have been classified in accordance with National Association of Insurance Commissioners (NAIC) guidelines and are stated at amortized cost for financial statement disclosure.
(2) Investments in Common Stocks are reported at fair market value based upon quoted market prices.
(3) Preferred Stocks - NOT APPLICABLE
(4) Mortgage loans - NOT APPLICABLE
(5) Loan-backed securities as well as other asset-backed securities are held and are reported at their amortized cost.
(6) The Company uses the equity method to account for investment in and the continuing operations of its wholly owned subsidiaries, Priority Health Choice, Inc. and Priority Health Insurance Company, as described in SSAP 97.
(7) The Company does not have minor ownership interests in joint ventures.
(8) Derivatives - NOT APPLICABLE
(9) The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.
(10) Under traditional arrangements, health care costs are recognized as expenses when services are rendered including, based on historical data, an estimate of costs incurred but not reported at the balance sheet date. Under capitation arrangements and risk-savings/sharing programs, health care costs are recognized when accruable under the providers' respective agreements. Adjustments to previously rendered claims reserve estimates are reflected in the statement of operations in the period in which the estimates are revised. Such reserve adjustments consist of restatements of claims estimates and changes in margin associated with these estimates and could be material in the future. Given the nature of the health care costs and provider billing requirements, as defined by the participating providers' agreements, amounts accrued at year-end are paid predominantly in the following year.
(11) The Company estimates pharmaceutical rebate receivables based on historic collection experience

D. Going Concern - NONE

NOTE 2 – ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

A. Material Changes in Accounting Principles and/or Correction of Errors - NOT APPLICABLE

NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method - NOT APPLICABLE

B. Statutory Merger - NOT APPLICABLE

C. Assumption Reinsurance - NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

D. Impairment Loss - NOT APPLICABLE

NOTE 4 – DISCONTINUED OPERATIONS

The Company has no Discontinued Operations to report.

NOTE 5 – INVESTMENTS

A. Mortgage Loans, including Mezzanine Real Estate Loans - NOT APPLICABLE

B. Debt Restructuring - NOT APPLICABLE

C. Reverse Mortgages - NOT APPLICABLE

D. Loan-Backed Securities

(1) The Company does not have securities purchased prior to January 1, 1994.
(2) Prepayment assumptions for loan-backed and asset-backed securities were obtained from broker dealer survey including Bloomberg and Solomon Yield Book.
(3) The Company has applied retrospective adjustment methodology to these investments.

E. Repurchase Agreements and/or Securities Lending Transactions

F. Real Estate - NOT APPLICABLE

G. Investments in Low-Income Housing Trade Credits (LIHTC) - NOT APPLICABLE

H. Restricted Assets - NOT APPLICABLE

I. Working Capital Finance Investments - NOT APPLICABLE

J. Offsetting and Netting of Assets and Liabilities - NOT APPLICABLE

K. Structured Notes - NOT APPLICABLE

NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

The Company has no Joint Ventures, Partnerships, or Limited Liabilities Companies to Report.

NOTE 7 – INVESTMENT INCOME

This note is not applicable to the Company as no income due is past its due date and no investment income was non-admitted.

NOTE 8 – DERIVATIVE INSTRUMENTS

This note is Not Applicable to the Company.

NOTE 9 – INCOME TAXES

The Company is exempt from federal income taxes as an organization described under Internal Revenue Code Section 501(c)(4). Therefore, income tax expense has not been recorded.

NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

A, B, C, D, E, F, G

The Company has a management contract with Priority Health Managed Benefits, Inc. (PHMB), an organization related to the Company through common ownership, to provide certain management services. The management fee incurred by the Company was $149,691,000 in 2015 and $131,752,000 in 2014, respectively.

Premium revenues recognized from related organizations were approximately $211,164,000 and $179,509,000 during 2015 and 2014, respectively. Health care costs approximating $378,687,000 during 2015 and $350,638,000 in 2014 were provided to plan members by related organizations.

Amounts due from affiliates were $15,561,000 at December 31, 2015, and $23,761,000 at December 31, 2014, and relate primarily to pharmacy

NOTES TO FINANCIAL STATEMENTS

claims paid on behalf of affiliates. Amounts due to affiliates were $29,171,000 at December 31, 2015, and $28,823,000 at December 31, 2014, and relate primarily to premium receipts collected on behalf of Priority Health Insurance Company and management fees payable to PHMB.

Priority Health Insurance Company paid a dividend of $20,000,000 to the Company in December 2015.

H. Ownership in Upstream Affiliate or Parent - NOT APPLICABLE

I. Investments in SCA Entities Exceeding 10% of Admitted Assets - NONE

J. Investments in Impaired SCA Entities - NOT APPLICABLE

K. Investments in Foreign Insurance Subsidiaries - NOT APPLICABLE

L. Investment in Downstream Noninsurance Holding Company - NOT APPLICABLE

M. Investments in SCA Entities - NOT APPLICABLE

N. Investments in SCA Entities - NOT APPLICABLE

NOTE 11 – DEBT

A. Debt, including Capital Notes and Reverse Repurchase Agreements

In 2008, the Company obtained a $10,000,000 line of credit from Spectrum Health, its parent company, which was outstanding at December 31, 2015 and 2014. The line of credit requires interest be paid in installments and matures in September 2019. This line of credit bears interest at a floating rate based on one-month LIBOR plus 65 basis points (1.07% at December 31, 2015).

B. FHLB (Federal Home Loan Bank) Agreements - NOT APPLICABLE

NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

A. Defined Benefit Plan - NOT APPLICABLE

B. Investment Policies and Strategies - NOT APPLICABLE

C. Fair Value of Plan Assets - NOT APPLICABLE

D. Basis Used to Determine Expected Long-Term Rate-of-Return - NOT APPLICABLE

E. Defined Contribution Plans - NOT APPLICABLE

F. Multiemployer Plans - NOT APPLICABLE

G. Consolidated/Holding Company Plans - NOT APPLICABLE

H. Postemployment Benefits and Compensated Absences - NOT APPLICABLE

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - NOT APPLICABLE

NOTE 13 – CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

(1) The Company has 10,000--Class A and 60,000--Class B authorized shares of common stock. Of these shares, 8,524 are issued and outstanding (8,000--Class A, 524--Class B).

(2) Preferred Stock - NOT APPLICABLE

(3) Dividend Restrictions - NOT APPLICABLE

(4) All stock is non-dividend bearing

(5) There were not restrictions placed on the Plan's surplus.

(6) Restrictions on Unassigned Funds (Surplus) - NOT APPLICABLE

(7) Advances to Surplus not Repaid - NOT APPLICABLE

(8) Stock Held for Special Purposes - NOT APPLICABLE

(9) Special Surplus Funds Changes - NOT APPLICABLE

(10) The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses is: (4,054,736)

NOTES TO FINANCIAL STATEMENTS

(11) The reporting entity issued the following surplus debentures or similar obligations:

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note*	Principal and/or Interest Paid Current Year	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
12/08/2006	6.000%	$ 6,000,000	$ 6,000,000	$ 360,000	$ 1,800,000	$ 360,000	
12/08/2006	6.000	6,000,000	6,000,000	360,000	1,800,000	360,000	
12/08/2006	6.000	6,000,000	6,000,000	360,000	1,800,000	360,000	
12/08/2006	6.000	6,000,000	6,000,000	360,000	1,800,000	360,000	
12/08/2006	6.000	3,839,572	39,572	2,374	4,343,872	2,374	

* Total should agree with Page 3, Line 29.

The Surplus Notes listed above were issued to Spectrum Health Corporation.

The Surplus Notes have the following repayment conditions and restrictions: Payment of interest and principal, if any, shall be paid annually from earned surplus. Repayment of such amounts will be subject to the approval of the Board of Directors of Priority Health and prior written approval by the State of Michigan's Department of Insurance and Financial Services.

The Surplus Notes have the following subordination terms: The payment of principal and interest is expressly subordinated to claims of creditors and members of Priority Health and any other priority claims provided by Chapter 81 of the Insurance Code, which provides that surplus notes are at the eighth level of priority.

The liquidation preferences to the insurer's shareholders are as follows: If Priority Health is dissolved and there are insufficient assets to pay in full the principal amount of and interest on all outstanding surplus notes, then Priority Health shall pay on all surplus notes pro rata on the basis of the outstanding principal amount of each surplus note and the interest accrued thereon. Regardless of the issuance date of these Surplus Notes or any other surplus note of Priority Health, these Surplus Notes shall be of equal rank with any other surplus note or series of surplus notes.

(12) Impact of a Restatement Due to Prior Quasi-Reorganizations - NOT APPLICABLE

(13) The Effective Dates of all Quasi-Reorganizations in the Prior Ten Years - NOT APPLICABLE

NOTE 14 – CONTINGENCIES

A. Contingent Commitments

The Company has committed to its wholly owned subsidiaries, Priority Health Insurance Company, Inc. and Priority Health Choice, Inc., to provide additional capital as needed in order for this subsidiary to meet capital requirements as mandated by the regulating authority.

B. Assessments - NOT APPLICABLE

C. Gain Contingencies - NOT APPLICABLE

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - NOT APPLICABLE

E. All Other Contingencies

NOTE 15 – LEASES

This note is not applicable to the Company.

NOTE 16 – INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

This note is not applicable to the Company.

NOTE 17 – SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

This note is not applicable to the Company.

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

This note is not applicable to the Company.

NOTE 19 – DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

This note is not applicable to the Company.

NOTE 20 – FAIR VALUE MEASUREMENTS

NOTES TO FINANCIAL STATEMENTS

A. The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (now codified under FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*). The hierarchy gives the highest ranking to fair values determined using unadjusted quoting prices in active markets for identical assets and liabilities (Level 1) and the lowers 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: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

The following table summarizes the valuation of the Company's financial instruments by the above pricing categories:

(1) Fair Value Measurements at Reporting Date

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Common Stock	$ 104,358,569	$	$	$ 104,358,569
Total	$ 104,358,569	$	$	$ 104,358,569

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy - NOT APPLICABLE

B. Other Fair Value Information - NOT APPLICABLE

C. Transfers Between Levels - NOT APPLICABLE

D. Not Practicable to Estimate Fair Value - NOT APPLICABLE

NOTE 21 – OTHER ITEMS

A. Unusual or Infrequent Items - NOT APPLICABLE

B. Troubled Debt Restructuring Debtors - NOT APPLICABLE

C. Other Disclosures - NOT APPLICABLE

D. Business Interruption Insurance Recoveries - NOT APPLICABLE

E. State Transferable and Non-Transferable Tax Credits - NOT APPLICABLE

F. Subprime Mortgage Related Risk Exposure - NOT APPLICABLE

G. Retained Assets - NOT APPLICABLE

H. Proceeds as the Issuer, Ceding Insurer, or Counterparty of Insurance-Linked Securities - NOT APPLICABLE

NOTE 22 – EVENTS SUBSEQUENT

A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)? Yes [X] No [ ]

B.	ACA fee assessment payable for the upcoming year	$ 17,874,000	$
C	ACA fee assessment paid	18,499,067	
D.	Premium written subject to ACA 9010 assessment	2,167,366,113	
E.	Total adjusted capital before surplus adjustment (Five-Year Historical Line 30)	529,823,239	
F.	Total adjusted capital after surplus adjustment (Five-Year Historical Line 30 minus 22B above)	511,949,239	
G.	Authorized control level (Five-Year Historical Line 31)	$ 94,680,990	

H. Would reporting the ACA assessment as of December 31, 2015 have triggered an RBC action level (YES/NO)? Yes [ ] No [X]

NOTE 23 – REINSURANCE

A. Ceded Reinsurance Report - NOT APPLICABLE

B. Uncollectible Reinsurance - NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

C. Commutation of Ceded Reinsurance - NOT APPLICABLE

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - NOT APPLICABLE

NOTE 24 – RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

A. Written premiums for the Company's Medicare Advantage product are subject to retrospective adjustments. The Company estimates accrued retrospective premiums based on a risk corridor calculation as defined by the CMS. The Company also estimates accrued retrospective premium adjustments for its group health insurance business based on the financial experience of the policyholder with a charge for administrative expenses.

B. The Company records accrued retrospective premium as an adjustment of earned premium.

C. The amount of net premiums written by the Company at December 31, 2015, that are subject to retrospective rating features was $892,526,000, that represent 40.8% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act. - NOT APPLICABLE

E. Risk Sharing Provisions of the Affordable Care Act

(1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions YES

(2) Impact of Risk Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year:

		Permanent ACA Risk Adjustment Program	AMOUNT
		Assets	
	1.	Premium adjustments receivable due to ACA Risk Adjustment	$
		Liabilities	
	2.	Risk adjustment user fees payable for ACA Risk Adjustment	65,000
	3.	Premium adjustments payable due to ACA Risk Adjustment	40,722,000
		Operations (Revenue & Expenses)	
	4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	(37,468,000)
	5.	Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	$ 65,000
b.		Transitional ACA Reinsurance Program	
		Assets	
	1.	Amounts recoverable for claims paid due to ACA Reinsurance	$ 13,561,000
	2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (contra liability)	
	3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	
		Liabilities	
	4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	
	5.	Ceded reinsurance premiums payable due to ACA Reinsurance	11,351,000
	6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	$ 1,430,000
		Operations (Revenue & Expenses)	
	7.	Ceded reinsurance premiums due to ACA Reinsurance	$ 1,430,000
	8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	14,688,000
	9.	ACA Reinsurance contributions – not reported as ceded premium	$ 11,351,000
c.		Temporary ACA Risk Corridors Program	
		Assets	
	1.	Accrued retrospective premium due to ACA Risk Corridors	$ 14,000
		Liabilities	
	2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	
		Operations (Revenue & Expenses)	
	3.	Effect of ACA Risk Corridors on net premium income (paid/received)	(59,000)
	4.	Effect of ACA Risk Corridors on change in reserves for rate credits	$

(3) Roll forward of prior year ACA Risk Sharing Provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance:

		Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments				Unsettled Balances as of the Reporting Date
						Prior Year Accrued Less Payments (Col. 1-3)	Prior Year Accrued Less Payments (Col. 2-4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col. 1-3+7)	Cumulative Balance from Prior Years (Col. 2-4+8)
		1	2	3	4	5	6	7	8	9	10	11
		Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a.	Permanent ACA Risk Adjustment Program											
1.	Premium adjustments receivable	$	$	$	$	$	$	$	$	A	$	$
2.	Premium adjustments (payable)		3,744,000		490,000		3,254,000		(3,254,000)	B		
3.	Subtotal ACA Permanent Risk Adjustment Program	$	$ 3,744,000	$	$ 490,000	$	$ 3,254,000	$	$ (3,254,000)		$	$

NOTES TO FINANCIAL STATEMENTS

b.	Transitional ACA Reinsurance Program												
	1.	Amounts recoverable for claims paid	$ 3,856,000	$	$ 4,983,000	$	$ (1,127,000)	$	$ 1,127,000	$	C	$	$
	2.	Amounts recoverable for claims unpaid (contra liability)									D		
	3.	Amounts receivable relating to uninsured plans									E		
	4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premiums		16,549,000		16,549,000					F		
	5.	Ceded reinsurance premiums payable		315,000		315,000					G		
	6.	Liability for amounts held under uninsured plans									H		
	7.	Subtotal ACA Transitional Reinsurance Program	$ 3,856,000	$ 16,864,000	$ 4,983,000	$ 16,864,000	$ (1,127,000)	$	$ 1,127,000	$		$	$
c.	Temporary ACA Risk Corridors Program												
	1.	Accrued retrospective premium	$	$	$ 45,000	$	$ (45,000)	$	$ 59,000	$	I	$ 14,000	$
	2.	Reserve for rate credits or policy experience rating refunds									J		
	3.	Subtotal ACA Risk Corridors Program			45,000		(45,000)		59,000			14,000	
d.	Total for ACA Risk Sharing Provisions		$ 3,856,000	$ 20,608,000	$ 5,028,000	$ 17,354,000	$ (1,172,000)	$ 3,254,000	$ 1,186,000	$ (3,254,000)		$ 14,000	$

NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Adjustments to previously rendered claims reserve estimates are reflected in the statement of operations in the period in which the estimates are revised. Such reserve adjustments consist of restatements of claim estimates and release of any margin associated with these estimates. Reserve adjustments were favorable by approximately $12,944,000 million in 2015, decreasing the prior year-end claim reserve estimates of $154,830,000 to $141,886,000 million.

NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS

This note is Not Applicable to the Company.

NOTE 27 – STRUCTURED SETTLEMENTS

This note is Not Applicable to the Company.

NOTE 28 – HEALTH CARE RECEIVABLES

A. Pharmaceutical Rebate Receivables

The Company's method for estimating pharmacy rebates relies on the information provided by the pharmacy rebates manager for invoiced rebates. A portion of the Company's pharmacy rebates are collected by its parent company and are included in the Company's amounts due from affiliates.

Pharmacy rebates as of the end of each quarter for the three years ended December 31, 2015, 2014 and 2013 are as follows:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days After Billing
12/31/2015	$ 15,927,463	$	$ 0	$ 0	$ 0
09/30/2015	15,412,756		5,590,910	3,059,138	0
06/30/2015	14,282,591		7,170,334	3,009,769	6,593
03/31/2015	10,599,000		3,798,614	4,781,453	9,932
					0
12/31/2014	9,270,333		7,246,924	749,807	
09/30/2014	8,646,482		6,502,080	678,991	477,189
06/30/2014	7,702,000		5,518,336	1,557,649	276,070
03/31/2014	7,176,000		5,951,792	283,254	836,863
12/31/2013	7,025,753		4,517,278	1,121,630	13,007
09/30/2013	6,796,027		4,397,940	1,145,260	191,332
06/30/2013	5,633,880		3,866,603	1,436,796	27,763
03/31/2013	6,489,000		3,362,924	1,410,226	507,876

B. Risk Sharing Receivables

NOTES TO FINANCIAL STATEMENTS

This note is not applicable to the Company.

NOTE 29 – PARTICIPATING POLICIES

This note is Not Applicable to the Company.

NOTE 30 – PREMIUM DEFICIENCY RESERVES

The Company recorded no premium deficiency reserve in the 2015 and 2014 financial statements.

NOTE 31 – ANTICIPATED SALVAGE AND SUBROGATION

This note is Not Applicable to the Company.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]
If yes, complete Schedule Y, Parts 1, 1A and 2.

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State regulating? Michigan

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2013

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2013

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/03/2015

3.4 By what department or departments?
State of Michigan Department of Insurance and Financial Services

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [X]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control %

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (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 with 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 the response to 8.3 is yes, please provide below 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?
Ernst & Young LLP, 171 Monroe Ave., Grand Rapids, MI 49503

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

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

10.3 Has the insurer been granted any exemptions related to 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 the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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?
Ernst & Young LLP, Insurance & Actuarial Advisory Services, 5 Times Square, New York, NY 10036

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

12.11 Name of real estate holding company PHMB Properties, LLC

12.12 Number of parcels involved 1

12.13 Total book/adjusted carrying value $ 0

12.2 If yes, provide explanation
Occupied building owned by a wholly-owned subsidiary

13. **FOR UNITED STATES BRANCES OF ALIEN REPORTING ENTITIES ONLY:**

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

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

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

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

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

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors an all subordinator 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 $ 0

20.12 To stockholders not officers $ 0

20.13 Trustees, supreme or grand (Fraternal only) $ 0

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

20.21 To directors or other officers $ 0

20.22 To stockholders not officers $ 0

20.23 Trustees, supreme or grand (Fraternal only) $ 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting 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 $ 0

21.22 Borrowed from others $ 0

21.23 Leased from others $ 0

21.24 Other $ 0

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

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment $ 0

22.22 Amount paid as expenses $ 0

22.23 Other amounts paid $ 0

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 869,037

INVESTMENT

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

24.01 Were all of 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:
Priority Health had exclusive control over the securities, however, a third party, Mellon Bank, had actual possession of the securities.

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. $ 0

24.06 If answer to 24.04 is no, report amount of collateral for other programs $ 0

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

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

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

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $ 0

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $ 0

24.103 Total payable for securities lending reported on the liability page: $ 0

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

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

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Placed under option agreements	$ 0
25.26	Letter stock or securities restricted as sale – excluding FHLB Capital Stock	$ 0
25.27	FHLB Capital Stock	$ 0
25.28	On deposit with states	$ 1,049,072
25.29	On deposit with other regulatory bodies	$ 0
25.30	Pledged as collateral – excluding collateral pledged to an FHLB	$ 0
25.31	Pledged as collateral to FHLB – including assets backing funding agreements	$ 0
25.32	Other	$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		$

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

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

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

27.2 If yes, state the amount thereof at December of the current year: $ 0

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 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 all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Mellon Trust	Pittsburgh, PA

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]

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	2 Name(s)	3 Address
N/A	Prime Advisors	Bloomfield, CT
N/A	JP Morgan	Columbus, OH
N/A	Seix Advisors	Upper Saddle River, NJ

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
233203 58 7	DFA EMERGING MRKTS VALUE	10,993,382
233203 62 9	DFA INTERNATIONAL	11,480,930
921943 88 2	VANGUARD DEV MKTS INDEX FUND	23,046,686
922031 74 5	VANGUARD INFLATION PROTECTED FUND	11,270,523
922040 10 0	VANGUARD INSTL INDEX FUND	23,692,121
922908 83 5	VANGUARD MID CAP INDEX	11,959,629
922908 87 6	VANGUARD SMALL CAP INDEX FUND	11,915,297
29.2999 TOTAL		104,358,568

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 Holdings	4 Date of Valuation
DFA EMERGING MRKTS VALUE	China Construction Bank H Common Stock CNY1	313,311	12/31/2015
DFA INTERNATIONAL	DCC PLC	41,331	12/31/2015
VANGUARD DEV MKTS INDEX FUND	Nestle SA	389,489	12/31/2015
VANGUARD INFLATION PROTECTED FUND	US Treasuries / Agencies	11,157,818	12/31/2015
VANGUARD INSTL INDEX FUND	Apple Inc	774,732	12/31/2015
VANGUARD MID CAP INDEX	Ross Stores Inc	84,913	12/31/2015
VANGUARD SMALL CAP INDEX FUND	AGL Resources Inc	33,363	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	642,433,094	645,261,122	2,828,028
30.2	Preferred Stocks	0	0	0
30.3	Totals	642,433,094	645,261,122	2,828,028

30.4 Describe the sources or methods utilized in determining fair values:
Pricing services and brokers

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

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

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

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

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 246,702

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
Alliance of Community Health Plans	$ 148,942

34.1 Amount of payments for legal expenses, if any? $ 136,754

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? $ 218,148

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
Hooper Lundy & Bookman PLC	$ 82,458
Alliance of Community Health Plans	80,202

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?		Yes [X] No [ ]
1.2	If yes, indicate premium earned on U.S. business only.	$	20,630,354
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	$	0
1.31	Reason for excluding:		
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2 above.	$	0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	$	14,558,242
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	$	20,630,354
1.62	Total incurred claims	$	14,558,242
1.63	Number of covered lives	$	10,560
	All years prior to most current three years:		
1.64	Total premium earned	$	0
1.65	Total incurred claims	$	0
1.66	Number of covered lives	$	0
1.7	Group policies:		
	Most current three years:		
1.71	Total premium earned	$	0
1.72	Total incurred claims	$	0
1.73	Number of covered lives	$	0
	All years prior to most current three years:		
1.74	Total premium earned	$	0
1.75	Total incurred claims	$	0
1.76	Number of covered lives	$	0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 2,187,715,855	$ 1,981,391,840
2.2	Premium Denominator	$ 2,187,715,855	$ 1,981,391,840
2.3	Premium Ratio (2.1/2.2)	$ 100.000	$ 100.000
2.4	Reserve Numerator	$ 270,437,485	$ 186,599,645
2.5	Reserve Denominator	$ 270,437,485	$ 186,599,645
2.6	Reserve Ratio (2.4/2.5)	$ 100.000	$ 100.000

3.1	Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?	Yes [ ] No [X]
3.2	If yes, give particulars:	
4.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?	Yes [X] No [ ]
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?	Yes [ ] No [X]
5.1	Does the reporting entity have stop-loss reinsurance?	Yes [X] No [ ]
5.2	If no, explain:	
5.3	Maximum retained risk (see instructions)	
5.31	Comprehensive Medical	$ 1,250,000
5.32	Medical Only	$ 1,250,000
5.33	Medicare Supplement	$ 0
5.34	Dental and Vision	$ 0
5.35	Other Limited Benefit Plan	$ 0
5.36	Other	$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

HMO holds harmless provisions of provider contracts, trust indentures

7.1	Does the reporting entity set up its claim liability for provider services on a service date basis?	Yes [X] No [ ]
7.2	If no, give details	

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

8. Provide the following information regarding participating providers:

8.1	Number of providers at start of reporting year	16,917
8.2	Number of providers at end of reporting year	17,501

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

9.2 If yes, direct premium earned:

9.21	Business with rate guarantees with rate guarantees between 15-36 months	$ 0
9.22	Business with rate guarantees over 36 months	$ 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No [ ]

10.2 If yes:

10.21	Maximum amount payable bonuses	$ 32,943,310
10.22	Amount actually paid for year bonuses	$ 20,856,479
10.23	Maximum amount payable withholds	$ 3,913,418
10.24	Amount actually paid for year withholds	$ 1,742,663

11.1 Is the reporting entity organized as:

11.12	A Medical Group/Staff Model,	Yes [ ] No [X]
11.13	An Individual Practice Association (IPA), or,	Yes [X] No [ ]
11.14	A Mixed Model (combination of above)?	Yes [ ] No [X]

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

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

Michigan

11.4 If yes, show the amount required. $ 189,361,980

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

11.6 If the amount is calculated, show the calculation

200% ACL

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

1 Name of Service Area
Alcona
Allegan
Alpena
Antrim
Arnenac
Barry
Bay
Benzie
Berrien
Branch
Calhoun
Cass
Charlevoix
Cheboygan
Clare
Clinton
Crawford
Eaton
Emmet
Genesee
Gladwin
Grand Traverse
Gratiot
Hillsdale
Huron
Ingham
Ionia
Iosco
Isabella
Jackson
Kalamazoo
Kalkaska
Kent
Lake
Lapeer
Leelanau
Lenawee
Livingston

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

Mackinac
Macomb
Manistee
Mason
Mecosta
Midland
Missaukee
Monroe
Montcalm
Montmorency
Muskegon
Newaygo
Oakland
Oceana
Ogemaw
Osceola
Oscoda
Otsego
Ottawa
Presque Isle
Roscommon
Saginaw
St. Clair
St. Joseph
Sanilac
Shiawassee
Tuscola
Van Buren
Washtenaw
Wayne
Wexford

13.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. $ 0

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

13.4 If yes, please provide the balance of the funds administered as of the reporting date. $ 0

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [ ] No [X] N/A [ ]

14.2 If the answer to 14.1 is yes, please provide the following:

1	2	3	4	Assets Supporting Reserve Credit		
				5	6	7
Company Name	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	Other
	0		$	$	$	$

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

15.1 Direct Premium Written $ 0

15.2 Total Incurred Claims $ 0

15.3 Number of Covered Lives 0

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

FIVE-YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	910,166,675	746,617,766	624,033,703	542,530,228	472,916,577
2. Total liabilities (Page 3, Line 24)	380,343,437	276,029,628	229,175,225	235,315,651	245,113,705
3. Statutory minimum capital and surplus requirement	189,361,980	166,396,840	157,657,790	161,040,584	160,807,292
4. Total capital and surplus (Page 3, Line 33)	529,823,239	470,588,138	394,858,478	307,214,576	227,802,872
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	2,187,669,445	1,984,557,980	1,878,212,653	1,936,844,575	1,857,722,720
6. Total medical and hospital expenses (Line 18)	1,879,035,784	1,687,211,218	1,658,641,541	1,719,197,050	1,688,656,978
7. Claims adjustment expenses (Line 20)	70,955,130	64,198,032	57,303,430	58,458,603	44,893,086
8. Total administrative expenses (Line 21)	179,838,102	151,097,550	114,014,475	111,948,431	101,157,043
9. Net underwriting gain (loss) (Line 24)	57,840,429	82,051,180	48,253,207	47,240,491	23,015,613
10. Net investment gain (loss) (Line 27)	28,267,381	7,027,093	7,385,767	9,458,856	7,162,717
11. Total other income (Lines 28 plus 29)	5,028,543	2,299,119	2,979,116	3,971,497	3,002,363
12. Net income or (loss) (Line 32)	91,136,353	91,377,392	58,618,090	60,670,844	33,180,693
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	170,710,168	94,419,944	60,659,145	67,632,059	38,376,478
Risk-Based Capital Analysis					
14. Total adjusted capital	529,823,239	470,588,138	394,858,478	307,214,576	227,802,872
15. Authorized control level risk-based capital	94,680,990	83,198,420	78,828,895	80,520,292	80,403,646
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	411,670	363,036	362,130	398,123	423,989
17. Total member months (Column 6, Line 7)	4,799,342	4,358,026	4,353,085	4,858,476	5,164,558
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)	86.0	85.1	88.4	88.8	90.9
20. Cost containment expenses	1.4	1.3	1.2	1.3	1.0
21. Other claims adjustment expenses	1.9	1.9	1.8	1.7	1.4
22. Total underwriting deductions (Line 23)	97.4	95.9	97.5	97.6	98.8
23. Total underwriting gain (loss) (Line 24)	2.6	4.1	2.6	2.4	1.2
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	155,217,753	134,837,263	151,279,909	162,383,315	145,004,284
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	173,520,374	164,552,893	164,234,799	161,336,453	148,004,403
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)	89,480,975	89,223,821	74,977,259	60,596,334	55,389,992
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	89,480,975	89,223,821	74,977,259	60,596,334	55,389,992
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 [ ]

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	N							0	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. District of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	N							0	
17. Kansas KS	N							0	
18. Kentucky KY	N							0	
19. Louisiana LA	N							0	
20. Maine ME	N							0	
21. Maryland MD	N							0	
22. Massachusetts MA	N							0	
23. Michigan MI	L	1,294,549,169	892,526,464		920,834			2,187,996,467	
24. Minnesota MN	N							0	
25. Mississippi MS	N							0	
26. Missouri MO	N							0	
27. Montana MT	N							0	
28. Nebraska NE	N							0	
29. Nevada NV	N							0	
30. New Hampshire NH	N							0	
31. New Jersey NJ	N							0	
32. New Mexico NM	N							0	
33. New York NY	N							0	
34. North Carolina NC	N							0	
35. North Dakota ND	N							0	
36. Ohio OH	N							0	
37. Oklahoma OK	N							0	
38. Oregon OR	N							0	
39. Pennsylvania PA	N							0	
40. Rhode Island RI	N							0	
41. South Carolina SC	N							0	
42. South Dakota SD	N							0	
43. Tennessee TN	N							0	
44. Texas TX	N							0	
45. Utah UT	N							0	
46. Vermont VT	N							0	
47. Virginia VA	N							0	
48. Washington WA	N							0	
49. West Virginia WV	N							0	
50. Wisconsin WI	N							0	
51. Wyoming WY	N							0	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	N							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CAN	N							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	1,294,549,169	892,526,464	0	920,834	0	0	2,187,996,467	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	1,294,549,169	892,526,464	0	920,834	0	0	2,187,996,467	0

DETAILS OF WRITE-INS

58001.							0	
58002.							0	
58003.							0	
58998. Summary of remaining write-ins for line 58	0	0	0	0	0	0	0	0
58999. Total (Lines 58001 thru 58003 + 58998)	0	0	0	0	0	0	0	0

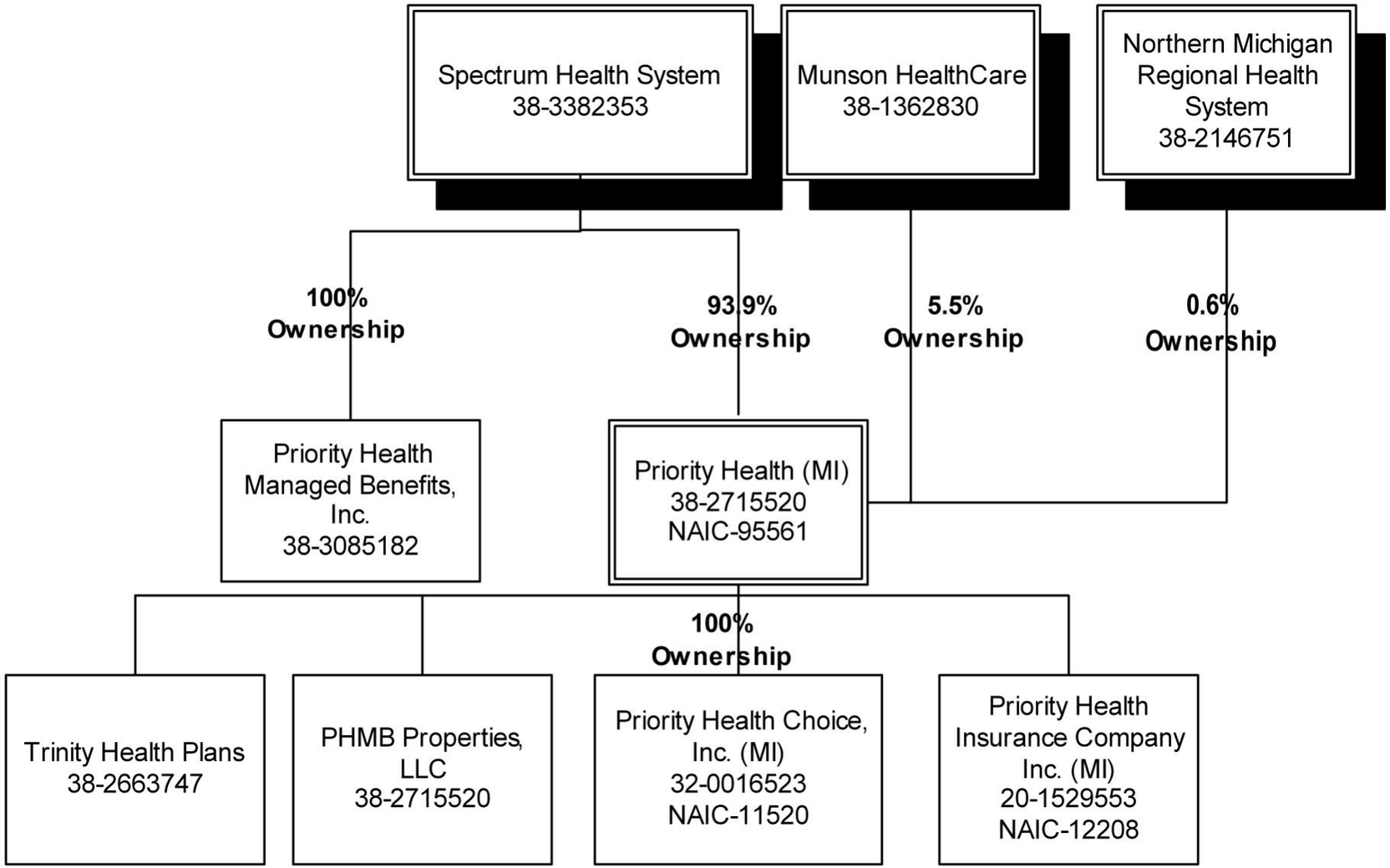
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to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

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

(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



2015 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 3A – Health Care Receivables Collected and Accrued	20
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24
Exhibit 8 – Furniture, Equipment and Supplies Owned	25
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	30
Five-Year Historical Data	29
General Interrogatories	27
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	26
Overflow Page For Write-ins	44
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10
Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17
Schedule DA – Verification Between Years	SI10
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI11
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI11
Schedule DB – Part C – Section 1	SI12
Schedule DB – Part C – Section 2	SI13
Schedule DB – Part D – Section 1	E22
Schedule DB – Part D – Section 2	E23
Schedule DB – Verification	SI14
Schedule DL – Part 1	E24
Schedule DL – Part 2	E25
Schedule E – Part 1 – Cash	E26
Schedule E – Part 2 – Cash Equivalents	E27
Schedule E – Part 3 – Special Deposits	E28
Schedule E – Verification Between Years	SI15
Schedule S – Part 1 – Section 2	31
Schedule S – Part 2	32
Schedule S – Part 3 – Section 2	33
Schedule S – Part 4	34
Schedule S – Part 5	35
Schedule S – Part 6	36
Schedule S – Part 7	37
Schedule T – Part 2 – Interstate Compact	38
Schedule T – Premiums and Other Considerations	39
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y – Part 1A – Detail of Insurance Holding Company System	41
Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14