



ANNUAL STATEMENT

For the Year Ended December 31, 2019
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 MI State of Domicile or Port of Entry MI 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 616-942-0954
(Street and Number) (City or Town, State, Country and Zip Code) (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 616-464-8837
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.priorityhealth.com

Statutory Statement Contact Ryan Babiak 616-464-0474
(Name) (Area Code) (Telephone Number) (Extension)
ryan.babiak@spectrumhealth.org 616-942-7916
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Joan Antaya Budden	President / Chief Executive Officer	2. Mary Anne Jones	Treasurer / Chief Financial Officer
3. Kimberly Lynn Thomas	Secretary	4.	

OTHER

DIRECTORS OR TRUSTEES

Joan Antaya Budden	Matthew Elson Cox #	Christina Michelle Freese Decker	Ann Mutzabaugh Harten
Birgit Maria Klohs	Rajesh Ujamlal Kothari	Rodrick Tremain Miller	Edwin Anders Ness
Paul Gerald Saginaw	Hilary Fred Snell	Michael Frederic Sytsma	Gary Wade Timmer
Bruce Allen Ullery	Michael Butler Verhulst #	Michael Clifton Vredenburg	Wendy Hansen Walker
Elaine Coston 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) Joan Antaya Budden	_____ (Signature) Mary Anne Jones	_____ (Signature) Kimberly Lynn Thomas
1. (Printed Name) President / Chief Executive Officer	2. (Printed Name) Treasurer / Chief Financial Officer	3. (Printed Name) Secretary
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This _____ day of _____ 2020

a. Is this an original filing? Yes [X] No []

b. If no

1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	411,738,691		411,738,691	430,413,510
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	481,425,438	86,700,000	394,725,438	251,552,302
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).....	145,579	145,579	.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 (\$....(38,392,140), Schedule E-Part 1), cash equivalents (\$....186,959,226, Schedule E-Part 2) and short-term investments (\$....266,480,892, Schedule DA).....	415,047,978		415,047,978	447,149,750
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....	4,934,180		4,934,180	2,160,573
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).....	1,313,291,866	86,845,579	1,226,446,287	1,131,276,135
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	4,089,229		4,089,229	4,007,268
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	23,381,837	7,880,832	15,501,005	59,557,248
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 (\$.....0) and contracts subject to redetermination (\$.....0).....	34,700,000		34,700,000	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	10,796		10,796	799,177
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.....	14,277,986		14,277,986	3,691,140
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).....			.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	39,239,268	13,974,889	25,264,379	9,493,820
24. Health care (\$....55,085,289) and other amounts receivable.....	77,178,280	22,074,286	55,103,994	44,954,909
25. Aggregate write-ins for other-than-invested assets.....	80,608,531	55,608,531	25,000,000	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,586,777,793	186,384,117	1,400,393,676	1,253,779,697
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTAL (Lines 26 and 27).....	1,586,777,793	186,384,117	1,400,393,676	1,253,779,697

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 through 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Prepaid expenses.....	55,608,531	55,608,531	.0	
2502. Funds on deposit.....	25,000,000		25,000,000	
2503.....			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	80,608,531	55,608,531	25,000,000	.0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	276,049,757	13,806,322	289,856,079	283,695,910
2. Accrued medical incentive pool and bonus amounts.....	34,293,669		34,293,669	41,707,839
3. Unpaid claims adjustment expenses.....	5,090,540	235,231	5,325,771	5,237,209
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	95,479,949		95,479,949	84,460,962
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserves.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	25,406,965		25,406,965	21,545,368
9. General expenses due or accrued.....	17,135,792		17,135,792	15,909,996
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.....			0	
12. Amounts withheld or retained for the account of others.....			0	
13. Remittances and items not allocated.....	3,285,602		3,285,602	3,507,406
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	41,014,163		41,014,163	32,260,127
16. Derivatives.....			0	
17. Payable for securities.....	9,869,531		9,869,531	5,638,650
18. Payable for securities lending.....			0	
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers 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.....			0	
23. Aggregate write-ins for other liabilities (including \$.....0 current).....	0	0	0	0
24. Total liabilities (Lines 1 to 23).....	507,625,968	14,041,553	521,667,521	493,963,467
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	33,666,798	1,000,000
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		6,000,000
30. Aggregate write-ins for other-than-special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	809,229,829	716,986,704
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	878,726,153	759,816,230
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	1,400,393,674	1,253,779,697

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 through 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	32,666,798	
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	XXX	XXX	33,666,798	1,000,000
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 through 3003 plus 3098) (Line 30 above).....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	6,466,813	6,139,044
2. Net premium income (including \$.....0 non-health premium income).....	XXX	3,404,392,302	3,181,259,835
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	(802,362)	(2,940,489)
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	2,229,829	1,692,648
7. Aggregate write-ins for other non-health revenues.....	XXX	.0	.0
8. Total revenues (Lines 2 to 7).....	XXX	3,405,819,769	3,180,011,994
Hospital and Medical:			
9. Hospital/medical benefits.....		2,333,007,259	2,098,312,309
10. Other professional services.....		27,558,365	13,668,422
11. Outside referrals.....		54,376,095	89,890,117
12. Emergency room and out-of-area.....		129,071,602	112,078,272
13. Prescription drugs.....		377,634,555	354,297,201
14. Aggregate write-ins for other hospital and medical.....0		.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		47,118,609	39,853,637
16. Subtotal (Lines 9 to 15).....0		2,968,766,485	2,708,099,958
Less:			
17. Net reinsurance recoveries.....		1,686,851	765,362
18. Total hospital and medical (Lines 16 minus 17).....0		2,967,079,634	2,707,334,596
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....49,168,807 cost containment expenses.....		101,485,182	98,775,011
21. General administrative expenses.....		253,916,289	271,340,395
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....		162,110	
23. Total underwriting deductions (Lines 18 through 22).....0		3,322,643,215	3,077,450,002
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	83,176,554	102,561,992
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		31,097,522	24,158,380
26. Net realized capital gains or (losses) less capital gains tax of \$.....0.....		29,941,936	(3,508,732)
27. Net investment gains or (losses) (Lines 25 plus 26).....0		61,039,458	20,649,648
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		1,408,800	616,416
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	145,624,812	123,828,056
31. Federal and foreign income taxes incurred.....	XXX		
32. Net income (loss) (Lines 30 minus 31).....	XXX	145,624,812	123,828,056

DETAILS OF WRITE-INS

0601. Wellness Revenue.....	XXX	2,229,829	1,692,648
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	XXX	2,229,829	1,692,648
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 through 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 through 1403 plus 1498) (Line 14 above).....	.0	.0	.0
2901. Management Fee Revenue.....		1,408,800	616,416
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	.0	1,408,800	616,416

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	759,816,230	669,000,277
34. Net income or (loss) from Line 32.....	145,624,812	123,828,056
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.....	49,474,451	(7,292,877)
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....		
39. Change in nonadmitted assets.....	(70,189,341)	(19,719,226)
40. Change in unauthorized and certified reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....	(6,000,000)	(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.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	118,909,922	90,815,953
49. Capital and surplus end of reporting period (Line 33 plus 48).....	878,726,152	759,816,230

DETAILS OF WRITE-INS

4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	3,418,558,591	3,151,446,181
2. Net investment income.....	32,034,248	24,280,143
3. Miscellaneous income.....	2,229,829	1,692,648
4. Total (Lines 1 through 3).....	3,452,822,668	3,177,418,972
5. Benefit and loss related payments.....	2,959,787,476	2,708,729,176
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	363,265,159	378,963,426
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).....	3,323,052,635	3,087,692,602
11. Net cash from operations (Line 4 minus Line 10).....	129,770,033	89,726,370
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	562,320,961	280,924,814
12.2 Stocks.....	117,247,114	635,097
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.....	(10,804)	(19,225)
12.7 Miscellaneous proceeds.....	4,230,881	4,672,671
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	683,788,152	286,213,357
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	540,899,498	295,384,697
13.2 Stocks.....	184,670,754	3,654,665
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	2,773,607	2,160,573
13.7 Total investments acquired (Lines 13.1 to 13.6).....	728,343,859	301,199,935
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).....	(44,555,707)	(14,986,578)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	(6,000,000)	(6,000,000)
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		(10,002,456)
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(111,316,098)	(6,056,137)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(117,316,098)	(22,058,593)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(32,101,772)	52,681,199
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	447,149,750	394,468,551
19.2 End of year (Line 18 plus Line 19.1).....	415,047,978	447,149,750

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

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical).....	1,766,464,147		2,595,055	1,763,869,092
2. Medicare Supplement.....	35,539,515			35,539,515
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal Employees Health Benefits Plan.....	12,128,793		17,818	12,110,975
6. Title XVIII - Medicare.....	1,593,265,452		392,732	1,592,872,720
7. Title XIX - Medicaid.....				.0
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8).....	3,407,397,907	0	3,005,605	3,404,392,302
10. Life.....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11).....	3,407,397,907	0	3,005,605	3,404,392,302

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	3,093,843,630	1,545,882,604	26,674,571			15,004,626	1,506,281,829			
1.2 Reinsurance assumed.....	.0									
1.3 Reinsurance ceded.....	2,475,232	2,475,232								
1.4 Net.....	3,091,368,398	1,543,407,372	26,674,571	.0	.0	15,004,626	1,506,281,829	.0	.0	.0
2. Paid medical incentive pools and bonuses.....	54,532,778	44,019,201				337,672	10,175,905			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	289,856,079	152,005,267	3,263,128			775,776	133,811,908			
3.2 Reinsurance assumed.....	.0									
3.3 Reinsurance ceded.....	.0									
3.4 Net.....	289,856,079	152,005,267	3,263,128	.0	.0	775,776	133,811,908	.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.....	34,293,669	23,382,147					10,911,522			
6. Net healthcare receivables (a).....	178,355,923	77,078,022	37,987				101,239,914			
7. Amounts recoverable from reinsurers December 31, current year.....	10,796	10,796								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	283,695,910	153,204,933	3,657,984			1,861,537	124,971,456			
8.2 Reinsurance assumed.....	.0									
8.3 Reinsurance ceded.....	.0									
8.4 Net.....	283,695,910	153,204,933	3,657,984	.0	.0	1,861,537	124,971,456	.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.....	41,707,839	31,802,352					9,905,487			
11. Amounts recoverable from reinsurers December 31, prior year.....	799,177	799,177								
12. Incurred benefits:										
12.1 Direct.....	2,921,647,876	1,467,604,916	26,241,728	.0	.0	13,918,865	1,413,882,367	.0	.0	.0
12.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.3 Reinsurance ceded.....	1,686,851	1,686,851	.0	.0	.0	.0	.0	.0	.0	.0
12.4 Net.....	2,919,961,025	1,465,918,065	26,241,728	.0	.0	13,918,865	1,413,882,367	.0	.0	.0
13. Incurred medical incentive pools and bonuses.....	47,118,608	35,598,996	.0	.0	.0	337,672	11,181,940	.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	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	88,111,208	41,866,922	908,228			214,958	45,121,100			
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	88,111,208	41,866,922	908,228	0	0	214,958	45,121,100	0	0	0
2. Incurred but unreported:										
2.1 Direct.....	201,728,178	110,121,652	2,354,900			560,818	88,690,808			
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	0									
2.4 Net.....	201,728,178	110,121,652	2,354,900	0	0	560,818	88,690,808	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	16,693	16,693								
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	16,693	16,693	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	289,856,079	152,005,267	3,263,128	0	0	775,776	133,811,908	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.....	289,856,079	152,005,267	3,263,128	0	0	775,776	133,811,908	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 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....	122,265,330	1,421,590,752	1,456,685	150,548,582	123,722,015	153,204,934
2. Medicare Supplement.....	2,563,651	24,110,920	11,455	3,251,673	2,575,106	3,657,984
3. Dental only.....					0	
4. Vision only.....					0	
5. Federal Employees Health Benefits Plan.....	1,829,422	13,514,876	-	775,776	1,829,422	1,861,537
6. Title XVIII - Medicare.....	100,599,009	1,405,682,819	888,721	132,923,187	101,487,730	124,971,455
7. Title XIX - Medicaid.....					0	
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	227,257,412	2,864,899,367	2,356,861	287,499,218	229,614,273	283,695,910
10. Healthcare receivables (a).....	196,602,767	130,434,676		47,921,247	196,602,767	196,602,767
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	32,231,890	22,300,889		34,293,669	32,231,890	41,707,839
13. Totals (Lines 9 - 10 + 11 + 12).....	62,886,535	2,756,765,580	2,356,861	273,871,640	65,243,396	128,800,982

(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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	141,481	141,481	141,481	141,481	141,481
2. 2015.....	1,708,998	1,911,030	1,911,030	1,911,030	1,911,030
3. 2016.....	XXX	2,059,134	2,228,629	2,228,629	2,228,629
4. 2017.....	XXX	XXX	2,392,129	2,593,108	2,593,108
5. 2018.....	XXX	XXX	XXX	2,513,192	2,576,079
6. 2019.....	XXX	XXX	XXX	XXX	2,756,765

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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....					
2. 2015.....	1,897,338	1,907,249	1,907,249	1,907,249	1,907,249
3. 2016.....	XXX	2,325,239	2,308,837	2,308,837	2,308,837
4. 2017.....	XXX	XXX	2,662,194	2,607,509	2,607,509
5. 2018.....	XXX	XXX	XXX	2,762,019	2,698,461
6. 2019.....	XXX	XXX	XXX	XXX	3,030,638

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. 2015.....	2,187,715	1,911,030	74,131	3.9	1,985,161	90.7			1,985,161	90.7
2. 2016.....	2,661,319	2,228,629	83,067	3.7	2,311,696	86.9			2,311,696	86.9
3. 2017.....	3,014,925	2,593,108	92,709	3.6	2,685,817	89.1			2,685,817	89.1
4. 2018.....	3,180,521	2,576,079	99,128	3.8	2,675,207	84.1	2,357	.38	2,677,602	84.2
5. 2019.....	3,406,596	2,756,765	60,612	2.2	2,817,377	82.7	321,793	5,288	3,144,458	92.3

12.GT

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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	77,697	77,697	77,697	77,697	77,697
2. 2015.....	983,629	1,094,972	1,094,972	1,094,972	1,094,972
3. 2016.....	XXX	1,208,909	1,327,585	1,327,585	1,327,585
4. 2017.....	XXX	XXX	1,346,271	1,466,766	1,466,766
5. 2018.....	XXX	XXX	XXX	1,268,240	1,330,627
6. 2019.....	XXX	XXX	XXX	XXX	1,383,404

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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....					
2. 2015.....	1,097,545	1,101,250	1,101,250	1,101,250	1,101,250
3. 2016.....	XXX	1,336,508	1,326,974	1,326,974	1,326,974
4. 2017.....	XXX	XXX	1,516,443	1,479,685	1,479,685
5. 2018.....	XXX	XXX	XXX	1,425,272	1,389,410
6. 2019.....	XXX	XXX	XXX	XXX	1,537,379

12.HM

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. 2015.....	1,271,823	1,094,972	53,985	4.9	1,148,957	90.3			1,148,957	90.3
2. 2016.....	1,567,784	1,327,585	61,479	4.6	1,389,064	88.6			1,389,064	88.6
3. 2017.....	1,739,906	1,466,766	67,113	4.6	1,533,879	88.2			1,533,879	88.2
4. 2018.....	1,688,221	1,330,627	68,019	5.1	1,398,646	82.8	1,457	23	1,400,126	82.9
5. 2019.....	1,766,464	1,383,404	41,325	3.0	1,424,729	80.7	173,930	2,785	1,601,444	90.7

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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	1,319	1,319	1,319	1,319	1,319
2. 2015.....	12,846	15,057	15,057	15,057	15,057
3. 2016.....	XXX	16,056	18,792	18,792	18,792
4. 2017.....	XXX	XXX	20,120	22,668	22,668
5. 2018.....	XXX	XXX	XXX	21,832	24,354
6. 2019.....	XXX	XXX	XXX	XXX	24,083

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

12.MS

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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....					
2. 2015.....	15,702	15,068	15,068	15,068	15,068
3. 2016.....	XXX	19,006	18,986	18,986	18,986
4. 2017.....	XXX	XXX	23,245	22,707	22,707
5. 2018.....	XXX	XXX	XXX	25,432	24,349
6. 2019.....	XXX	XXX	XXX	XXX	27,325

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. 2015.....	20,630	15,057	1,811	12.0	16,868	81.8			16,868	81.8
2. 2016.....	25,798	18,792	2,131	11.3	20,923	81.1			20,923	81.1
3. 2017.....	31,328	22,668	2,565	11.3	25,233	80.5			25,233	80.5
4. 2018.....	33,843	24,354	2,974	12.2	27,328	80.7	11		27,339	80.8
5. 2019.....	35,540	24,083	1,792	7.4	25,875	72.8	3,252	62	29,189	82.1

**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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....					
2. 2015.....	720	1,227	1,227	1,227	1,227
3. 2016.....	XXX	5,571	7,746	7,746	7,746
4. 2017.....	XXX	XXX	20,471	21,618	21,618
5. 2018.....	XXX	XXX	XXX	19,811	21,978
6. 2019.....	XXX	XXX	XXX	XXX	13,177

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

12.FE

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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....					
2. 2015.....	788	1,295	1,295	1,295	1,295
3. 2016.....	XXX	7,770	7,770	7,770	7,770
4. 2017.....	XXX	XXX	23,455	21,593	21,593
5. 2018.....	XXX	XXX	XXX	21,673	21,641
6. 2019.....	XXX	XXX	XXX	XXX	14,289

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. 2015.....	921	1,227		0.0	1,227	133.2			1,227	133.2
2. 2016.....	7,435	7,746		0.0	7,746	104.2			7,746	104.2
3. 2017.....	21,169	21,618	629	2.9	22,247	105.1			22,247	105.1
4. 2018.....	19,513	21,978	567	2.6	22,545	115.5			22,545	115.5
5. 2019.....	12,129	13,177	222	1.7	13,399	110.5	776		14,175	116.9

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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	62,465	62,465	62,465	62,465	62,465
2. 2015.....	711,803	799,774	799,774	799,774	799,774
3. 2016.....	XXX	828,598	874,506	874,506	874,506
4. 2017.....	XXX	XXX	1,005,267	1,082,056	1,082,056
5. 2018.....	XXX	XXX	XXX	1,203,309	1,199,120
6. 2019.....	XXX	XXX	XXX	XXX	1,336,101

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

12.XV

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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....					
2. 2015.....	783,303	789,636	789,636	789,636	789,636
3. 2016.....	XXX	961,956	955,107	955,107	955,107
4. 2017.....	XXX	XXX	1,099,051	1,083,524	1,083,524
5. 2018.....	XXX	XXX	XXX	1,289,642	1,263,061
6. 2019.....	XXX	XXX	XXX	XXX	1,451,645

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. 2015.....	894,341	799,774	18,335	2.3	818,109	91.5			818,109	91.5
2. 2016.....	1,060,302	874,506	19,457	2.2	893,963	84.3			893,963	84.3
3. 2017.....	1,222,522	1,082,056	22,402	2.1	1,104,458	90.3			1,104,458	90.3
4. 2018.....	1,438,944	1,199,120	27,568	2.3	1,226,688	85.2	889	15	1,227,592	85.3
5. 2019.....	1,592,463	1,336,101	17,273	1.3	1,353,374	85.0	143,835	2,441	1,499,650	94.2

**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	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	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).....	84,626,876	84,626,876							
5. Aggregate write-ins for other policy reserves.....	10,853,073	7,141,990	0	0	0	0	3,711,083	0	0
6. Totals (gross).....	95,479,949	91,768,866	0	0	0	0	3,711,083	0	0
7. Reinsurance ceded.....	0								
8. Totals (net) (Page 3, Line 4).....	95,479,949	91,768,866	0	0	0	0	3,711,083	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

13

DETAILS OF WRITE-INS

0501. Cost Plus.....	7,141,990	7,141,990							
0502. Risk Corridor.....	3,711,083						3,711,083		
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 through 0503 plus 0598) (Line 5 above).....	10,853,073	7,141,990	0	0	0	0	3,711,083	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 through 1103 plus 1198) (Line 11 above).....	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....	686,536	730,485	1,912,445		3,329,466
2. Salaries, wages and other benefits.....	22,436,025	23,872,279	62,498,803		108,807,107
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			76,683,409		76,683,409
4. Legal fees and expenses.....	33,454	35,595	93,190		162,239
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	240,982	256,409	671,292		1,168,683
7. Traveling expenses.....	147,518	156,961	410,932		715,411
8. Marketing and advertising.....	2,291,285	2,437,962	7,089,700		11,818,947
9. Postage, express and telephone.....	730,287	777,036	2,034,320		3,541,643
10. Printing and office supplies.....	560,437	596,313	1,561,177		2,717,927
11. Occupancy, depreciation and amortization.....	4,365,656	4,645,126	12,161,169		21,171,951
12. Equipment.....					0
13. Cost or depreciation of EDP equipment and software.....	2,272,453	2,417,926	6,330,248		11,020,627
14. Outsourced services including EDP, claims, and other services.....	5,409,284	5,755,563	29,482,766		40,647,613
15. Boards, bureaus and association fees.....	215,905	229,726	601,435		1,047,066
16. Insurance, except on real estate.....	75,528	80,363	210,395		366,286
17. Collection and bank service charges.....	23,582	25,092	937,225		985,899
18. Group service and administration fees.....	185,863	197,761	517,749		901,373
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....	27,086	28,820	87,439		143,345
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....			11,139,134		11,139,134
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....			13,013,338		13,013,338
23.4 Payroll taxes.....					0
23.5 Other (excluding federal income and real estate taxes).....	29,225	31,096	190,044		250,365
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	9,437,701	10,041,858	26,290,082	0	45,769,641
26. Total expenses incurred (Lines 1 to 25).....	49,168,807	52,316,371	253,916,292	0	(a).....355,401,470
27. Less expenses unpaid December 31, current year.....	2,580,296	2,745,475	17,135,792		22,461,563
28. Add expenses unpaid December 31, prior year.....	2,464,779	2,772,430	15,909,996		21,147,205
29. Amounts receivable relating to uninsured plans, prior year.....			3,691,140		3,691,140
30. Amounts receivable relating to uninsured plans, current year.....			(14,277,986)		(14,277,986)
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	49,053,290	52,343,326	234,721,370	0	336,117,986

DETAILS OF WRITE-INS

2501. Finance Management Fee.....	646,614	688,006	1,801,236		3,135,856
2502. HR Management Fee.....	306,878	326,523	854,853		1,488,254
2503. IS Management Fee.....	8,240,862	8,768,405	22,956,116		39,965,383
2598. Summary of remaining write-ins for Line 25 from overflow page.....	243,347	258,924	677,877	0	1,180,148
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above).....	9,437,701	10,041,858	26,290,082	0	45,769,641

(a) Includes management fees of \$.....238,452,024 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).....7,271,338	.....6,848,453
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....5,478,264	.....5,741,897
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....5,555,009	.....5,555,009
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....13,895,262	.....13,602,429
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....32,199,873	.....31,747,788
11. Investment expenses.....	.....	(g).....
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....540,000
14. Depreciation on real estate and other invested assets.....	.....	(i).....110,266
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....650,266
17. Net investment income (Line 10 minus Line 16).....	.....	.....31,097,522

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 through 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 through 1503 plus 1598) (Line 15 above).....		.....0

- (a) Includes \$.....406,728 accrual of discount less \$.....1,315,149 amortization of premium and less \$.....1,550,163 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 \$.....2,206,188 accrual of discount less \$.....704,245 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 \$.....540,000 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....110,266 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.....	.....3,217,803	.....	.....3,217,803	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....432,802	.....	.....432,802	.....3,312	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....26,279,440	.....	.....26,279,440	.....1,498,302	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....47,971,752	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....(10,804)	.....	.....(10,804)	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....22,696	.....22,696	.....1,085	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....29,919,241	.....22,696	.....29,941,937	.....49,474,451	.....0

DETAILS OF WRITE-INS

0901.					
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 through 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.....	86,700,000		(86,700,000)
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.....	145,579	255,845	110,266
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).....	86,845,579	255,845	(86,589,734)
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.....	7,880,832	8,829,281	948,449
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.....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....	13,974,889	6,203	(13,968,686)
24. Health care and other amounts receivable.....	22,074,286	39,981,149	17,906,863
25. Aggregate write-ins for other-than-invested assets.....	55,608,531	67,122,298	11,513,767
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	186,384,117	116,194,776	(70,189,341)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	186,384,117	116,194,776	(70,189,341)

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 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Prepaid Expenses.....	55,608,531	67,122,298	11,513,767
2502.....			0
2503.....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	55,608,531	67,122,298	11,513,767

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	299,167	326,630	324,155	324,576	325,179	3,886,324
2. Provider service organizations.....						
3. Preferred provider organizations.....						
4. Point of service.....	53,714	46,852	44,232	44,417	46,290	546,468
5. Indemnity only.....						
6. Aggregate write-ins for other lines of business.....	161,277	167,564	169,138	171,047	172,729	2,034,021
7. Total.....	514,158	541,046	537,525	540,040	544,198	6,466,813

DETAILS OF WRITE-INS

0601. Medicare Advantage.....	145,613	151,716	153,172	154,945	156,521	1,842,866
0602. Medigap.....	15,664	15,848	15,966	16,102	16,208	191,155
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	161,277	167,564	169,138	171,047	172,729	2,034,021

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.

	SSAP #	F/S Page	F/S Line #	2019	2018
NET INCOME					
(1) Company state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ 145,624,812	\$ 123,828,056
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 145,624,812	\$ 123,828,056
SURPLUS					
(5) Company state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 878,726,153	\$ 759,816,230
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 878,726,153	\$ 759,816,230

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) **Basis for Short-Term Investments**
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) **Basis for Bonds and Amortization Schedule**
Investments in bonds are carried at amortized cost. The cost of bonds is adjusted for amortization of premiums and discounts to maturity using a level-yield method. Realized gains and losses are determined using the specific identification method and are included in operations. The fair value of investments is determined based upon quoted market prices.
- (3) **Basis for Common Stocks**
Investments in Common Stocks are reported at fair market value based upon quoted market prices.
- (4) **Basis for Preferred Stocks**
NOT APPLICABLE
- (5) **Basis for Mortgage Loans**
NOT APPLICABLE
- (6) **Basis for Loan-Backed Securities and Adjustment Methodology**
Loan-backed securities as well as other asset-backed securities are held and are reported at their amortized cost.
- (7) **Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities**
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.
- (8) **Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities**
The Company owns PHMB Properties, an LLC company.
- (9) **Accounting Policies for Derivatives**
NOT APPLICABLE
- (10) **Anticipated Investment Income Used in Premium Deficiency Calculation**
The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.
- (11) **Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses**
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.
- (12) **Changes in the Capitalization Policy and Predefined Thresholds from Prior Period**
The Company has had no change in capitalization policy.

NOTES TO FINANCIAL STATEMENTS

(13) Method Used to Estimate Pharmaceutical Rebate Receivables

The Company estimates pharmaceutical rebate receivables based on historic collection experience and reporting provided by pharmacy benefit managers.

D. Going Concern

NONE

Note 2 – Accounting Changes and Correction 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

D. Impairment Loss - NOT APPLICABLE

Note 4 – Discontinued Operations

A. Discontinued Operation Disposed of or Classified as Held for Sale - NOT APPLICABLE

B. Change in Plan of Sale of Discontinued Operation - NOT APPLICABLE

C. Nature of any Significant Continuing Involvement with Discontinued Operations After Disposal - NOT APPLICABLE

D. Equity Interest Retained in the Discontinued Operation After Disposal - NOT APPLICABLE

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 - NOT APPLICABLE

E. Dollar Repurchase Agreements and/or Securities Lending Transactions - NOT APPLICABLE

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing - NOT APPLICABLE

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing - NOT APPLICABLE

H. Repurchase Agreements Transactions Accounted for as a Sale - NOT APPLICABLE

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - NOT APPLICABLE

J. Real Estate - NOT APPLICABLE

K. Low-Income Housing Tax Credits (LIHTC)

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Additional Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	\$	%	%
b. Collateral held under security lending arrangements						%	%
c. Subject to repurchase agreements						%	%
d. Subject to reverse repurchase agreements						%	%
e. Subject to dollar repurchase agreements						%	%
f. Subject to dollar reverse repurchase agreements						%	%
g. Placed under option contracts						%	%
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock						%	%
i. FHLB capital stock						%	%
j. On deposit with states	1,050,314	1,048,031	2,283		1,050,314	%	%
k. On deposit with other regulatory bodies						%	%

NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted from Current Year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase (Decrease) (1 minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Additional Restricted to Total Admitted Assets (b)
l. Pledged as collateral to FHLB (including assets backing funding agreements)						%	%
m. Pledged as collateral not captured in other categories						%	%
n. Other restricted assets						%	%
o. Total Restricted Assets	\$ 1,050,314	\$ 1,048,031	\$ 2,283	\$	\$ 1,050,314	%	%

(a) Column 1 divided by Asset Page, Column 1, Line 28

(b) Column 5 divided by Asset Page, Column 1, Line 28

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories - NOT APPLICABLE

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics) - NOT APPLICABLE

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements - NOT APPLICABLE

M. Working Capital Finance Investments - NOT APPLICABLE

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

O. 5GI Securities - NOT APPLICABLE

P. Short Sales - NOT APPLICABLE

Q. Prepayment Penalty and Acceleration Fees - NOT APPLICABLE

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

The Company has no Joint Ventures, Partnerships, or Limited Liability Companies that exceed 10% of its admitted assets.

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 \$238,452,000 in 2019 and \$224,726,000 in 2018.

Premium revenues recognized from related organizations were approximately \$251,218,000 and \$264,963,000 during 2019 and 2018, respectively. Health care costs approximating \$602,665,000 during 2019 and \$553,894,000 during 2018 were provided to plan members by related organizations.

Amounts due from affiliates of \$39,239,000 at December 31, 2019, and \$9,494,000 at December 31, 2018, and relate primarily to premium receipts collected on behalf of Priority Health. Amounts due to affiliates were \$41,014,000 at December 31, 2019, and \$32,260,000 at December 31, 2018, and relates primarily to premium receipts collected on behalf of Priority Health Insurance Company.

Priority Health infused \$86,700,000 in PHMB Properties in December 2019 to support growth.

H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned - NOT APPLICABLE

I. Investments in SCA that Exceed 10% of Admitted Assets - NOT APPLICABLE

J. Investments in Impaired SCAs - NOT APPLICABLE

K. Investment in Foreign Insurance Subsidiary - NOT APPLICABLE

L. Investment in Downstream Noninsurance Holding Company - NOT APPLICABLE

M. All SCA Investments - NOT APPLICABLE

N. Investment in Insurance SCAs - NOT APPLICABLE

O. SCA or SSAP 48 Entity Loss Tracking - NOT APPLICABLE

Note 11 – Debt

A. Debt Including Capital Notes - NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

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, Shareholder's Dividend Restrictions and Quasi-Reorganizations

In March 2019, the Company made a principal and interest payment on outstanding surplus notes in the amount of \$6,540,000, decreasing the principal from \$6,000,000 to \$0.

Note 14 – Liabilities, Contingencies and Assessments

- 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. Joint and Several Liabilities - NOT APPLICABLE
- F. All Other Contingencies - NOT APPLICABLE

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 Uninsured 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

- 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) Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lower 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.

NOTES TO FINANCIAL STATEMENTS

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

(1) Fair Value Measurements at Reporting Date

Description for Each Type of Asset or Liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
Assets at Fair Value					
Common Stock	\$ 214,909,898	\$	\$	\$	\$ 214,909,898
Total	\$ 214,909,898	\$	\$	\$	\$ 214,909,898
Liabilities at Fair Value					
	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$

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

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements - NOT APPLICABLE

C. Fair Value Level

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Common Stock	\$ 214,909,898	\$ 214,909,898	\$ 214,909,898	\$	\$	\$	\$

D. Not Practicable to Estimate Fair Value - NOT APPLICABLE

E. NAV Practical Expedient Investments - 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

G. Retained Assets

H. Insurance-Linked Securities (ILS) Contracts

Note 22 – Events Subsequent

In August 2019 Priority Health entered into a member agreement with Total Health Care, Inc. ("THC") and its subsidiary Total Health Care USA, Inc. (collectively, the "Companies"), and Total Health Care Foundation ("Foundation") to acquire the Companies. Prior to December 2019 all conditions required by the member agreement were met, including approval by the Companies eligible voting members; filing with, and approval by, state and federal regulators; and Total Health Care Foundation becoming the sole corporate member of THC. The parties agreed upon an acquisition date of January 1, 2020 at which time Priority Health became the sole corporate member of THC. Priority Health funded \$25 million to the Foundation in December 2019 for consideration in accordance with the member agreement. As of December 31, 2019, these funds are included as Funds on Deposit on the balance sheet.

Subsequent events have been considered through February 26, 2020 for these statutory financial statements which are to be issued on February 26, 2020.

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 []

	2019	2018
B. ACA fee assessment payable for the upcoming year	\$ 32,666,798	\$
C. ACA fee assessment paid	\$	\$ 29,702,085
D. Premium written subject to ACA 9010 assessment	\$ 3,371,858,391	\$ 3,149,619,003
E. Total adjusted capital before surplus adjustment (Five-Year Historical Line 14)	\$ 878,726,153	
F. Total adjusted capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 846,059,355	
G. Authorized control level (Five-Year Historical Line 15)	\$ 144,713,886	
H. Would reporting the ACA assessment as of December 31, 2019 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

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

NOTES TO FINANCIAL STATEMENTS

A. Method Used to Estimate Accrued Retrospective Premium Adjustments

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 CMS.

B. Retrospective Premiums Recorded Through Written Premium or Adjustment to Earned Premium

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

C. Amount and Percentage of Net Premiums Written Subject to Retrospective Rating Features

The amount of net premiums written by the Company at December 31, 2019, that are subject to retrospective rating features was \$1,593,265,000 representing 46.8% 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

	1 Individual	2 Small Group Employer	3 Large Group Employer	4 Other Categories with Rebates	5 Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	\$	\$	\$	\$	\$
(2) Medical loss ratio rebates paid	\$	\$	\$	\$	\$
(3) Medical loss ratio rebates unpaid	\$	\$	\$	\$	\$
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	\$	\$	\$	\$ 162,000	\$ 162,000
(8) Medical loss ratio rebates paid	\$	\$	\$	\$ 162,000	\$ 162,000
(9) Medical loss ratio rebates unpaid	\$	\$	\$	\$	\$
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	\$
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	\$
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	\$

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 [X] No []

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

a. Permanent ACA Risk Adjustment Program	AMOUNT
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments)	\$
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	\$ 225,000
3. Premium adjustments payable due to ACA Risk Adjustment (including high-risk pool premium)	\$ 84,627,000
Operations (Revenue & Expenses)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$ (57,488,000)
5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	\$ 201,000

b. Transitional ACA Reinsurance Program	AMOUNT
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	\$
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	\$
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$
Operations (Revenue & Expenses)	
7. Ceded reinsurance premiums due to ACA Reinsurance	\$
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$ 127,000
9. ACA Reinsurance contributions – not reported as ceded premium	\$

c. Temporary ACA Risk Corridors Program	AMOUNT
Assets	
1. Accrued retrospective premium due to ACA Risk Corridors 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)	\$
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 Dec. 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec. 31 of the Prior Year		Differences		Adjustments		Ref	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	
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)

NOTES TO FINANCIAL STATEMENTS

a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable (including high-risk pool payments)	\$	\$	\$	\$	\$	\$	\$	\$	\$	A	\$
2. Premium adjustments payable (including high-risk pool premium)			71,961,000		44,821,000		27,140,000		(27,140,000)	B	
3. Subtotal ACA Permanent Risk Adjustment Program	\$	\$	71,961,000	\$	44,821,000	\$	27,140,000	\$	(27,140,000)	\$	\$
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	\$	\$	127,000	\$	(127,000)	\$	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 premium										F	
5. Ceded reinsurance premiums payable										G	
6. Liability for amounts held under uninsured plans										H	
7. Subtotal ACA Transitional Reinsurance Program	\$	\$	127,000	\$	(127,000)	\$	127,000	\$			\$
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	\$	I	\$
2. Reserve for rate credits or policy experience rating refunds										J	
3. Subtotal ACA Risk Corridors Program	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
d. Total for ACA Risk-Sharing Provisions	\$	\$	71,961,000	\$	127,000	\$	44,821,000	\$	(127,000)	\$	27,140,000
	\$	\$	71,961,000	\$	127,000	\$	44,821,000	\$	(127,000)	\$	27,140,000

Explanations of Adjustments

- A.
- B. Adjust to final settlement
- C. Adjust to final settlement
- D.
- E.
- F.
- G.
- H.
- I.
- J.

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Risk Corridors Program Year	Accrued During the Prior Year on Business Written Before Dec. 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before Dec. 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date	
	1	2	3	4	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)
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)
a. 2014										
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	\$	A
2. Reserve for rate	\$	\$	\$	\$	\$	\$	\$	\$	\$	B

NOTES TO FINANCIAL STATEMENTS

Risk Corridors Program Year	Accrued the Prior Year Written Before Dec. 31 of the	During on Business Before Prior Year	Received or the Current Business Before the Prior	Paid as of Year on Written Dec. 31 of Year	Differences		Adjustments		Unsettled as of the	Balances 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
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
b. 2015											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	C	\$	\$
2. Reserve for rate credits for policy experience rating refunds	\$	\$	\$	\$	\$	\$	\$	\$	D	\$	\$
c. 2016											
1. Accrued retrospective premium	\$	\$	\$	\$	\$	\$	\$	\$	E	\$	\$
2. Reserve for rate credits or policy experience rating refunds	\$	\$	\$	\$	\$	\$	\$	\$	F	\$	\$
d. Total for Risk Corridors	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$

24E(4)d (Columns 1 through 10) should equal 24E(3)c3 (Column 1 through 10 respectively)

- A.
- B.
- C.
- D.
- E.
- F.

(5) ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program Year	1 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts Received from CMS	4 Asset Balance (Gross of Non-Admissions) (1-2-3)	5 Non-Admitted Amount	5 Net Admitted Asset (4-5)
a. 2014	\$ 465,000	\$ 397,000	\$ 68,000	\$	\$	\$
b. 2015	14,346,000	14,346,000				
c. 2016	26,340,000	26,340,000				
d. Total (a+b+c)	\$ 41,151,000	\$ 41,083,000	\$ 68,000	\$	\$	\$

24E(5)d (Column 4) should equal 24E(3)c1 (Column 9)

24E(5)d (Column 6) should equal 24E(2)c1

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 \$54,082,000 in 2019, decreasing the prior year-end claim reserve estimates of \$283,696,000 to \$229,614,000.

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 pharmacy benefit managers for invoiced rebates. The Company collects a portion of rebates for its subsidiary companies. These are included in the Company's amounts due to affiliates.

Pharmacy rebates as of the end of each quarter for the three years ended December 31, 2019, 2018 and 2017 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
12/31/2019	\$ 48,924,820	\$	\$	\$	\$
09/30/2019	\$ 49,328,837	\$	\$ 33,812,653	\$	\$
06/30/2019	\$ 48,673,025	\$	\$ 34,095,120	\$ 13,161	\$
03/31/2019	\$ 44,618,138	\$	\$ 32,705,664	\$ 313,608	\$ 63,418
	\$	\$	\$	\$	\$
12/31/2018	\$ 38,732,395	\$	\$ 30,908,561	\$ 1,194,866	\$ 382,836
09/30/2018	\$ 36,853,448	\$	\$ 18,409,353	\$ 12,380,240	\$ 265,102
06/30/2018	\$ 35,319,816	\$	\$ 18,377,045	\$ 753,989	\$ 11,634,774

NOTES TO FINANCIAL STATEMENTS

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
03/31/2018	\$ 33,615,584	\$	\$ 18,644,820	\$ 477,000	\$ 9,896,830
	\$	\$	\$	\$	\$
12/31/2017	\$ 30,777,386	\$	\$ 22,471,878	\$ 2,395,116	\$ 199,793
09/30/2017	\$ 29,359,560	\$	\$ 15,202,962	\$ 8,480,369	\$ 429,478
06/30/2017	\$ 27,459,037	\$	\$ 15,355,902	\$ 230,219	\$ 7,486,708
03/31/2017	\$ 24,129,136	\$	\$ 15,405,190	\$ 150,706	\$ 6,539,687

B. Risk-Sharing Receivables - NOT APPLICABLE

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 2019 and 2018 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 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 No N/A
- 1.3 State regulating? Michigan
- 1.4 Is the reporting entity publicly traded or a member of publicly traded group? Yes No
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. _____
- 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
- 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. 12/31/2017
- 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. 12/31/2017
- 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). 06/17/2019
- 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
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 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
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
 If the answer is YES, complete and file the merger history data file with the NAIC.
- 5.2 If yes, provide the 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
- 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
- 7.2 If yes,
- 7.21 State the percentage of foreign control _____ %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).
- | 1
Nationality | 2
Type of Entity |
|------------------|---------------------|
| | |
- 8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board? Yes No
- 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
- 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
- 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
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the response to 10.5 is no or n/a, please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
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 buildings owned by a wholly-owned subsidiary
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [] 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 and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []
- FINANCIAL**
19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ 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 []

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 3,671,949

INVESTMENT

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

24.02 If no, give full and complete information, relating thereto:
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 31 of the current year:

25.21 Subject to repurchase agreements \$ 0

25.22 Subject to reverse repurchase agreements \$ 0

25.23 Subject to dollar repurchase agreements \$ 0

25.24 Subject to reverse dollar repurchase agreements \$ 0

25.25 Placed under option agreements \$ 0

25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock \$ 0

25.27 FHLB Capital Stock \$ 0

25.28 On deposit with states \$ 1,050,314

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.

Lines 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a results of interest rate sensitivity? Yes [] No []

26.4 If the response to 26.3 is yes, does the reporting entity utilize:

26.41 Special accounting provision of SSAP No. 108 Yes [] No []

26.42 Permitted accounting practice Yes [] No []

26.43 Other accounting guidance Yes [] No []

26.5 By responding yes to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes [] No []

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guidance Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

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

27.2 If yes, state the amount thereof at December 31 of the current year: \$ 0

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

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

1 Name of Custodian(s)	2 Custodian's Address
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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

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

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation
BlackRock Financial Management, Inc	U
Prime Advisors, Inc	U
Robert W. Baird & Co. Inc.	U
Pacific Investment Managent Company, LLC	U

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's invested assets? Yes No

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets? Yes No

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
	BlackRock Financial Management, Inc	549300LVXYIVJKE13M84	SEC	NO
	Prime Advisors, Inc	2549001RCVKOOT5TXG16	SEC	NO
	Robert W. Baird & Co. Inc.	549300772USAHRDGL053	SEC	NO
	Pacific Investment Managent Company, LLC	549300KGPYQZXGMYYN38	SEC	NO

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

29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
003021 12 8	ABERDEEN EM MKT DBT-INST	\$ 16,291,154
233203 58 7	DFA EMERGING MKTS VAL	\$ 6,627,638
315911 75 0	FIDELITY 500 INDX FD	\$ 60,870,739
41664T 44 6	HARTFORD INTL VALUE FD	\$ 23,084,174
461418 44 4	WCM FOCUSED INTL GWTH	\$ 23,570,725
72201F 49 0	PIMCO INC FD-INS	\$ 64,448,786
922908 87 6	VANGUARD SMALL CAP IX FD	\$ 13,356,916
94988V 70 4	WELLS FARGO EMERGING MKTS	\$ 6,659,767
29.2999	TOTAL	\$ 214,909,899

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
ABERDEEN EM MKT DBT-INST	State of Qatar	\$ 433,345	12/31/2019
DFA EMERGING MKTS VAL	Reliance Industries Ltd	\$ 265,106	12/31/2019
FIDELITY 500 INDX FD	Microsoft Corp.	\$ 2,678,313	12/31/2019
HARTFORD INTL VALUE FD	Royal Dutch Shell PLC B	\$ 507,852	12/31/2019
WCM FOCUSED INTL GWTH	CSL Ltd	\$ 1,107,824	12/31/2019
PIMCO INC FD-INS	Irs Usd 3.00000 06/19/19-5y Cme 06-19-24	\$ 9,151,728	12/31/2019
VANGUARD SMALL CAP IX FD	Leidos Holdings Inc	\$ 53,428	12/31/2019
WELLS FARGO EMERGING MKTS	Taiwan Semiconductor Manufacturing Co Ltd	\$ 386,266	12/31/2019

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	\$ 683,003,966	\$ 696,785,283	\$ 13,781,317
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 683,003,966	\$ 696,785,283	\$ 13,781,317

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []
- 32.2 If no, list exceptions:
33. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:
- Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
 - Issuer or obligor is current on all contracted interest and principal payments.
 - The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
- Has the reporting entity self-designated 5GI securities? Yes [] No [X]
34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
- The security was purchased prior to January 1, 2018.
 - The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
 - The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
 - The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
- Has the reporting entity self-designated PLGI securities? Yes [] No [X]
35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:
- The shares were purchased prior to January 1, 2019.
 - The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
 - The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
 - The fund only or predominantly holds bonds in its portfolio.
 - The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
 - The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.
- Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes [] No [X]

OTHER

36.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 348,805

36.2 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	\$ 224,795

37.1 Amount of payments for legal expenses, if any? \$ 149,993

37.2 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
Warner, Norcross & Judd	\$ 66,032

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 490,554

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

1 Name	2 Amount Paid
	\$

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?		Yes [X]	No []
1.2	If yes, indicate premium earned on U.S. business only.	\$		35,539,515
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.	\$		26,241,728
1.6	Individual policies:			
	Most current three years:			
1.61	Total premium earned	\$		35,539,515
1.62	Total incurred claims	\$		26,241,728
1.63	Number of covered lives			16,208
	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	2	
		Current Year	Prior Year	
2.1	Premium Numerator	\$ 3,404,392,302	\$ 3,181,259,835	
2.2	Premium Denominator	\$ 3,404,392,302	\$ 3,181,259,835	
2.3	Premium Ratio (2.1/2.2)	100.0%	100.0%	
2.4	Reserve Numerator	\$ 419,629,696	\$ 409,864,711	
2.5	Reserve Denominator	\$ 419,629,696	\$ 409,864,711	
2.6	Reserve Ratio (2.4/2.5)	100.0%	100.0%	
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	\$		1,500,000
5.32	Medical Only	\$		1,500,000
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: <u>HMO holds harmless provisions of provider contracts, trust indentures.</u>			

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No []
- 7.2 If no, give details
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 19,911
- 8.2 Number of providers at end of reporting year 21,024
- 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 28,010,155
- 10.22 Amount actually paid for year bonuses 25,287,048
- 10.23 Maximum amount payable withholds 6,283,513
- 10.24 Amount actually paid for year withholds 8,944,841
- 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. \$ 289,427,772
- 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
Armenac
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

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

Lake
Lapeer
Leelanau
Lenawee
Livingston
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 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
	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)

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [] No [X]
- 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [] No [X]

FIVE-YEAR HISTORICAL DATA

	1 2019	2 2018	3 2017	4 2016	5 2015
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28).....	1,400,393,676	1,253,779,697	1,166,505,735	1,000,440,084	910,166,675
2. Total liabilities (Page 3, Line 24).....	521,667,521	493,963,467	497,505,458	425,947,028	380,343,437
3. Statutory minimum capital and surplus requirement.....	289,427,772	263,416,428	255,842,465	229,642,768	189,361,980
4. Total capital and surplus (Page 3, Line 33).....	878,726,153	759,816,230	669,000,277	574,493,055	529,823,239
Income Statement (Page 4)					
5. Total revenues (Line 8).....	3,405,819,769	3,180,011,994	3,015,076,097	2,663,150,099	2,187,669,445
6. Total medical and hospital expenses (Line 18).....	2,967,079,634	2,707,334,596	2,645,791,374	2,335,150,339	1,879,035,784
7. Claims adjustment expenses (Line 20).....	101,485,182	98,775,011	89,189,394	80,362,416	70,955,130
8. Total administrative expenses (Line 21).....	253,916,289	271,340,395	218,667,958	213,714,591	179,838,102
9. Net underwriting gain (loss) (Line 24).....	83,176,554	102,561,992	61,427,371	33,922,753	57,840,429
10. Net investment gain (loss) (Line 27).....	61,039,458	20,649,648	16,480,488	16,214,770	28,267,381
11. Total other income (Lines 28 plus 29).....	1,408,800	616,416	785,690	954,900	5,028,543
12. Net income or (loss) (Line 32).....	145,624,812	123,828,056	78,693,549	51,092,423	91,136,353
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	129,770,033	89,726,370	125,898,523	34,423,850	170,710,168
Risk-Based Capital Analysis					
14. Total adjusted capital.....	878,726,153	759,816,230	669,000,277	574,493,055	529,823,239
15. Authorized control level risk-based capital.....	144,713,886	131,708,214	127,921,233	114,821,384	94,680,990
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	544,198	514,158	521,877	494,079	411,670
17. Total member months (Column 6, Line 7).....	6,466,813	6,139,044	6,342,781	5,760,228	4,799,342
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).....	87.2	85.2	87.8	87.7	86.0
20. Cost containment expenses.....	1.4	1.5	1.5	1.5	1.4
21. Other claims adjustment expenses.....	1.5	1.6	1.5	1.5	1.9
22. Total underwriting deductions (Line 23).....	97.6	96.8	98.0	98.8	97.4
23. Total underwriting gain (loss) (Line 24).....	2.4	3.2	2.0	1.3	2.6
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5).....	65,243,396	203,269,133	170,777,219	208,268,568	155,217,753
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	128,800,982	249,498,335	187,180,313	201,999,975	173,520,374
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).....	266,515,539	131,843,787	121,900,383	103,096,449	89,480,975
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.....	266,515,539	131,843,787	121,900,383	103,096,449	89,480,975
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

State, Etc.	1 Active Status (a)	Direct Business Only							9 Deposit-Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	
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	1,802,003,662	1,593,265,452		12,128,793				3,407,397,907
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	1,802,003,662	1,593,265,452	0	12,128,793	0	0	0	3,407,397,907
60. Reporting entity contributions for Employee Benefit Plans.....	..XXX								0
61. Total (Direct Business).....	..XXX	1,802,003,662	1,593,265,452	0	12,128,793	0	0	0	3,407,397,907

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 through 58003 + 58998).....		0	0	0	0	0	0	0	0

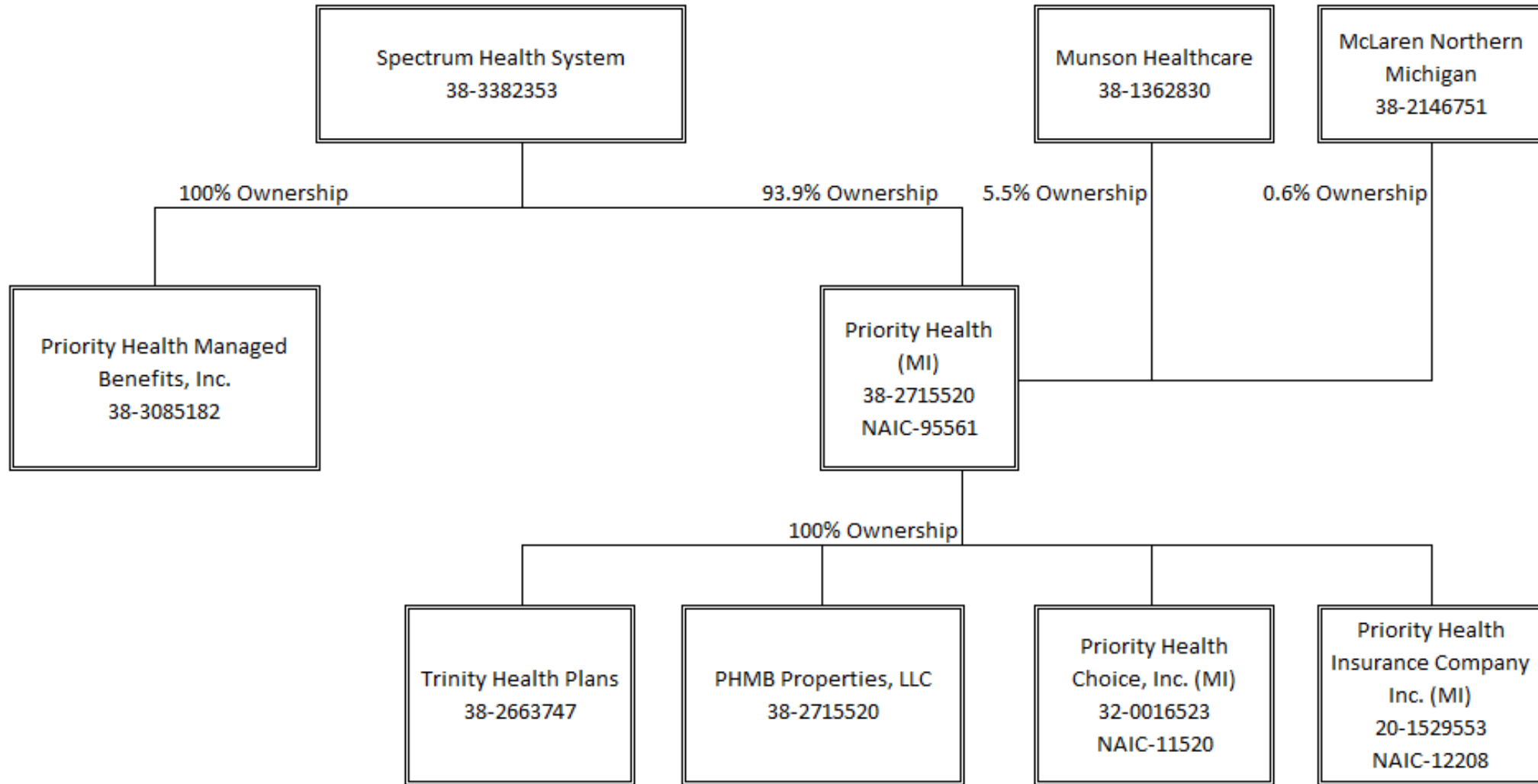
(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....	1
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state.....	0

R - Registered - Non-domiciled RRGs.....	0
Q - Qualified - Qualified or accredited reinsurer.....	0
N - None of the above - Not allowed to write business in the state.....	56

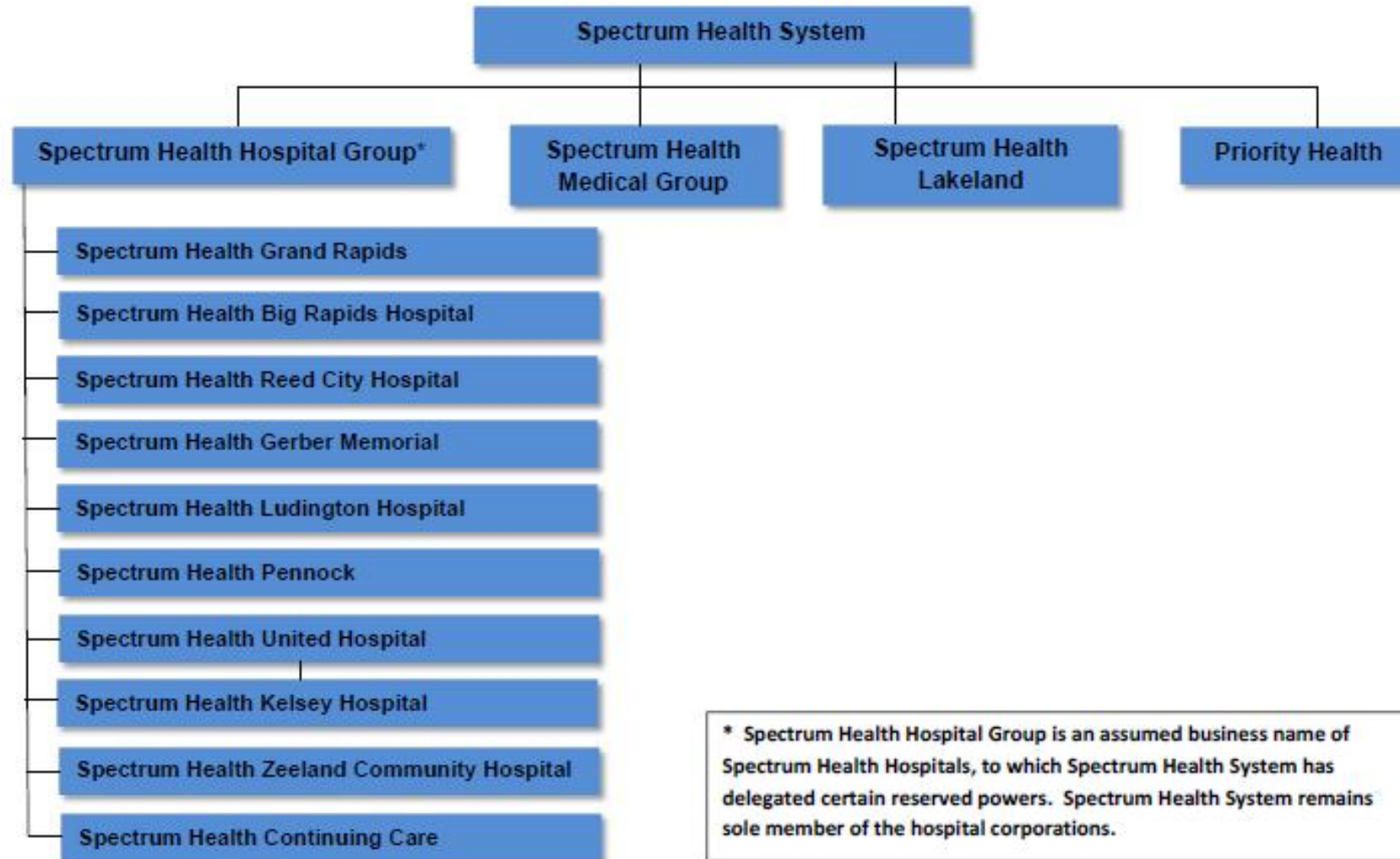
(b) Explanation of basis of allocation by states, premiums by state, etc.
The company only has business in the State of Michigan.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

Spectrum Health Corporate Structure



**2019 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK**

Analysis of Operations By Lines of Business	7	Schedule D – Summary By Country	SI04
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Exhibit 3A – Health Care Receivables Collected and Accrued	20	Schedule DB – Part A – Verification Between Years	SI11
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21	Schedule DB – Part B – Section 1	E20
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