



ANNUAL STATEMENT

For the Year Ended December 31, 2019
of the Condition and Affairs of the

Priority Health Choice, Inc.

NAIC Group Code..... 3383, 3383 (Current Period) (Prior Period) NAIC Company Code..... 11520 Employer's ID Number..... 32-0016523

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..... June 3, 2002 Commenced Business..... October 1, 2002

Statutory Home Office 1231 East Beltline NE .. Grand Rapids .. MI .. US .. 49525-4501
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 1231 East Beltline NE .. Grand Rapids .. MI .. US .. 49525-4501
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 1231 East Beltline NE .. Grand Rapids .. MI .. US .. 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 .. US .. 49525-4501
(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 Paul Van't Hof 616-575-4911
(Name) (Area Code) (Telephone Number) (Extension)
paul.vanthof@priorityhealth.com
(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	Michael Richard Koziara	Mary Anne Jones	James Dwight Forshee
Marti Rae Lolli	Kimberly Lynn Thomas		

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).....	1,050,314		1,050,314	1,048,031
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	64,506,877		64,506,877	44,044,737
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).....			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 (\$.....(4,240,810), Schedule E-Part 1), cash equivalents (\$.....47,342,107, Schedule E-Part 2) and short-term investments (\$.....48,742,748, Schedule DA).....	91,844,047		91,844,047	72,288,815
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	157,401,238	0	157,401,238	117,381,583
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	311,204		311,204	261,490
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	2,000,860		2,000,860	1,332,400
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).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	2,553		2,553	329,813
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).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	414,803		414,803	1,257,779
24. Health care (\$.....7,416,597) and other amounts receivable.....	7,416,597		7,416,597	8,759,764
25. Aggregate write-ins for other-than-invested assets.....	32,285,256	0	32,285,256	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	199,832,511	0	199,832,511	129,322,829
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	199,832,511	0	199,832,511	129,322,829

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. Prepaids.....			0	
2502. Insurance Providers Assessment.....	32,285,256		32,285,256	
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).....	32,285,256	0	32,285,256	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	32,509,783		32,509,783	42,699,852
2. Accrued medical incentive pool and bonus amounts.....	4,538,835		4,538,835	4,731,381
3. Unpaid claims adjustment expenses.....	581,794		581,794	711,809
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act.....			.0	
5. Aggregate life policy reserves.....			.0	
6. Property/casualty unearned premium reserves.....			.0	
7. Aggregate health claim reserves.....			.0	
8. Premiums received in advance.....			.0	
9. General expenses due or accrued.....	32,372,198		32,372,198	428,353
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.....	4,105,937		4,105,937	2,485,508
13. Remittances and items not allocated.....			.0	
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			.0	
15. Amounts due to parent, subsidiaries and affiliates.....	8,439,738		8,439,738	2,052,946
16. Derivatives.....			.0	
17. Payable for securities.....			.0	
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).....	82,548,285	0	82,548,285	53,109,849
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	.0	.0
26. Common capital stock.....	XXX	XXX	10,000	10,000
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX	11,326,877	11,326,877
29. Surplus notes.....	XXX	XXX		
30. Aggregate write-ins for other-than-special surplus funds.....	XXX	XXX	1,000,000	1,000,000
31. Unassigned funds (surplus).....	XXX	XXX	104,947,346	63,876,103
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	117,284,223	76,212,980
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	199,832,508	129,322,829

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.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	XXX	XXX	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	XXX	XXX	.0	.0
3001. Appropriated Retained Earnings.....	XXX	XXX	1,000,000	1,000,000
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	1,000,000	1,000,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	1,492,095	1,514,424
2. Net premium income (including \$.....0 non-health premium income).....	XXX	406,479,054	396,476,443
3. Change in unearned premium reserves and reserve for rate credits.....	XXX		
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	64,570,512	0
7. Aggregate write-ins for other non-health revenues.....	XXX	0	0
8. Total revenues (Lines 2 to 7).....	XXX	471,049,566	396,476,443
Hospital and Medical:			
9. Hospital/medical benefits.....		244,006,282	249,278,928
10. Other professional services.....		7,093,572	8,131,497
11. Outside referrals.....		5,210,888	5,080,036
12. Emergency room and out-of-area.....		21,310,455	21,718,462
13. Prescription drugs.....		62,700,394	70,748,607
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		5,301,067	6,380,134
16. Subtotal (Lines 9 to 15).....	0	345,622,658	361,337,664
Less:			
17. Net reinsurance recoveries.....		1,139,101	334,451
18. Total hospital and medical (Lines 16 minus 17).....	0	344,483,557	361,003,213
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$.....5,580,670 cost containment expenses.....		11,708,041	11,671,863
21. General administrative expenses.....		81,419,183	17,694,960
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....			
23. Total underwriting deductions (Lines 18 through 22).....	0	437,610,781	390,370,036
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	33,438,785	6,106,407
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		3,857,106	2,559,651
26. Net realized capital gains or (losses) less capital gains tax of \$.....0.....		843,072	59,603
27. Net investment gains or (losses) (Lines 25 plus 26).....	0	4,700,178	2,619,254
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	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	38,138,963	8,725,661
31. Federal and foreign income taxes incurred.....	XXX		
32. Net income (loss) (Lines 30 minus 31).....	XXX	38,138,963	8,725,661

DETAILS OF WRITE-INS

0601. Insurance Providers Assessment.....	XXX	64,570,512	
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	64,570,512	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0
0799. Totals (Lines 0701 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. Other Income.....			
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	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	76,212,982	68,784,055
34. Net income or (loss) from Line 32.....	38,138,963	8,725,661
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.....	2,880,859	(2,196,654)
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....		
39. Change in nonadmitted assets.....	51,421	899,920
40. Change in unauthorized and certified reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....		
43. Cumulative effect of changes in accounting principles.....		
44. Capital changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	41,071,243	7,428,927
49. Capital and surplus end of reporting period (Line 33 plus 48).....	117,284,225	76,212,982

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.....	405,810,594	395,920,850
2. Net investment income.....	3,805,437	2,484,418
3. Miscellaneous income.....	64,570,512	
4. Total (Lines 1 through 3).....	474,186,543	398,405,268
5. Benefit and loss related payments.....	353,195,745	358,810,984
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	61,313,394	30,344,076
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).....	414,509,139	389,155,060
11. Net cash from operations (Line 4 minus Line 10).....	59,677,404	9,250,208
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	1,050,000	
12.2 Stocks.....	44,868,419	62,605
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.....	128	(3,002)
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	45,918,547	59,603
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	1,050,328	
13.2 Stocks.....	61,606,756	1,163,757
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	62,657,084	1,163,757
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).....	(16,738,537)	(1,104,154)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(23,383,638)	(183,342)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(23,383,638)	(183,342)
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).....	19,555,229	7,962,712
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	72,288,817	64,326,105
19.2 End of year (Line 18 plus Line 19.1).....	91,844,046	72,288,817

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).....				.0
2. Medicare Supplement.....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal Employees Health Benefits Plan.....				.0
6. Title XVIII - Medicare.....	4,454,632		5,463	4,449,169
7. Title XIX - Medicaid.....	402,524,055		494,170	402,029,885
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8).....	406,978,687	0	499,633	406,479,054
10. Life.....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11).....	406,978,687	0	499,633	406,479,054

**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.....	353,337,341						3,701,098	349,636,243		
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	1,466,361							1,466,361		
1.4 Net.....	351,870,980	0	0	0	0	0	3,701,098	348,169,882	0	0
2. Paid medical incentive pools and bonuses.....	5,493,612						58,139	5,435,473		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	32,509,784						344,053	32,165,731		
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	32,509,784	0	0	0	0	0	344,053	32,165,731	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.....	4,538,835						44,618	4,494,217		
6. Net healthcare receivables (a).....	2,825,682						29,904	2,795,778		
7. Amounts recoverable from reinsurers December 31, current year.....	2,553							2,553		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	42,699,852						413,566	42,286,286		
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	0									
8.4 Net.....	42,699,852	0	0	0	0	0	413,566	42,286,286	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.....	4,731,381						47,423	4,683,958		
11. Amounts recoverable from reinsurers December 31, prior year.....	329,813							329,813		
12. Incurred benefits:										
12.1 Direct.....	340,321,591	0	0	0	0	0	3,601,681	336,719,910	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	1,139,101	0	0	0	0	0	0	1,139,101	0	0
12.4 Net.....	339,182,490	0	0	0	0	0	3,601,681	335,580,809	0	0
13. Incurred medical incentive pools and bonuses.....	5,301,066	0	0	0	0	0	55,334	5,245,732	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.....	10,438,209						110,468	10,327,741		
1.2 Reinsurance assumed.....	.0									
1.3 Reinsurance ceded.....	.0									
1.4 Net.....	10,438,209	.0	.0	.0	.0	.0	110,468	10,327,741	.0	.0
2. Incurred but unreported:										
2.1 Direct.....	22,071,575						233,585	21,837,990		
2.2 Reinsurance assumed.....	.0									
2.3 Reinsurance ceded.....	.0									
2.4 Net.....	22,071,575	.0	.0	.0	.0	.0	233,585	21,837,990	.0	.0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	.0									
3.2 Reinsurance assumed.....	.0									
3.3 Reinsurance ceded.....	.0									
3.4 Net.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Totals:										
4.1 Direct.....	32,509,784	.0	.0	.0	.0	.0	344,053	32,165,731	.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.....	32,509,784	.0	.0	.0	.0	.0	344,053	32,165,731	.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).....					0	
2. Medicare Supplement.....					0	
3. Dental only.....					0	
4. Vision only.....					0	
5. Federal Employees Health Benefits Plan.....					0	
6. Title XVIII - Medicare.....	355,997	3,332,551	1,275	344,053	357,272	414,382
7. Title XIX - Medicaid.....	31,609,044	316,900,649	237,050	31,927,405	31,846,094	42,285,470
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	31,965,041	320,233,200	238,325	32,271,458	32,203,366	42,699,852
10. Healthcare receivables (a).....	3,053,855	2,825,683			3,053,855	3,053,855
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....	5,068,392	425,220		4,538,835	5,068,392	4,731,381
13. Totals (Lines 9 - 10 + 11 + 12).....	33,979,578	317,832,737	238,325	36,810,293	34,217,903	44,377,378

(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.....	32,254	32,254	32,254	32,254	32,254
2. 2015.....	333,538	388,546	388,546	388,546	388,546
3. 2016.....	XXX	364,991	424,484	424,484	424,484
4. 2017.....	XXX	XXX	435,484	477,261	477,261
5. 2018.....	XXX	XXX	XXX	317,841	351,821
6. 2019.....	XXX	XXX	XXX	XXX	317,832

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.....	394,944	386,303	386,303	386,303	386,303
3. 2016.....	XXX	428,501	424,503	424,503	424,503
4. 2017.....	XXX	XXX	480,498	481,005	481,005
5. 2018.....	XXX	XXX	XXX	365,181	355,022
6. 2019.....	XXX	XXX	XXX	XXX	354,643

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.....	452,046	388,546	10,059	2.6	398,605	88.2			398,605	88.2
2. 2016.....	484,530	424,484	11,137	2.6	435,621	89.9			435,621	89.9
3. 2017.....	517,464	477,261	11,312	2.4	488,573	94.4			488,573	94.4
4. 2018.....	396,477	351,821	11,620	3.3	363,441	91.7	238	4	363,683	91.7
5. 2019.....	406,479	317,832	6,988	2.2	324,820	79.9	36,810	578	362,208	89.1

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.....	1,397	1,397	1,397	1,397	1,397
2. 2015.....	6,357	7,880	7,880	7,880	7,880
3. 2016.....	XXX				
4. 2017.....	XXX	XXX			
5. 2018.....	XXX	XXX	XXX		
6. 2019.....	XXX	XXX	XXX	XXX	

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.....	8,062	7,902	7,902	7,902	7,902
3. 2016.....	XXX				
4. 2017.....	XXX	XXX			
5. 2018.....	XXX	XXX	XXX		
6. 2019.....	XXX	XXX	XXX	XXX	

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.....	10,111	7,880	203	2.6	8,083	79.9			8,083	79.9
2. 2016.....	(1)	.0	(4)	0.0	(4)	400.0			(4)	400.0
3. 2017.....		.0		0.0	0	0.0			.0	0.0
4. 2018.....		.0		0.0	0	0.0			.0	0.0
5. 2019.....		.0		0.0	0	0.0			.0	0.0

12.HM

**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 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 - 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.....					
2. 2015.....					
3. 2016.....	XXX		595	595	595
4. 2017.....	XXX	XXX	4,355	4,742	4,742
5. 2018.....	XXX	XXX	XXX	3,125	3,502
6. 2019.....	XXX	XXX	XXX	XXX	3,307

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....					
2. 2015.....					
3. 2016.....	XXX				
4. 2017.....	XXX	XXX		4,317	4,317
5. 2018.....	XXX	XXX	XXX	3,539	3,485
6. 2019.....	XXX	XXX	XXX	XXX	3,711

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.....		0		0.0	0	0.0			0	0.0
2. 2016.....		595		0.0	595	0.0			595	0.0
3. 2017.....	5,549	4,742	103	2.2	4,845	87.3			4,845	87.3
4. 2018.....	4,698	3,502	113	3.2	3,615	76.9	1		3,616	77.0
5. 2019.....	4,449	3,307	74	2.2	3,381	76.0	392	6	3,779	84.9

12.XV

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
 (\$000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior.....	30,857	30,857	30,857	30,857	30,857
2. 2015.....	327,181	380,666	380,666	380,666	380,666
3. 2016.....	XXX	364,991	423,889	423,889	423,889
4. 2017.....	XXX	XXX	431,129	472,519	472,519
5. 2018.....	XXX	XXX	XXX	314,716	348,319
6. 2019.....	XXX	XXX	XXX	XXX	314,525

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

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.....	386,882	378,401	378,401	378,401	378,401
3. 2016.....	XXX	428,501	424,503	424,503	424,503
4. 2017.....	XXX	XXX	480,498	476,688	476,688
5. 2018.....	XXX	XXX	XXX	361,642	351,537
6. 2019.....	XXX	XXX	XXX	XXX	350,932

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SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

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.....	441,935	380,666	9,856	2.6	390,522	88.4			390,522	88.4
2. 2016.....	484,531	423,889	11,141	2.6	435,030	89.8			435,030	89.8
3. 2017.....	511,915	472,519	11,209	2.4	483,728	94.5			483,728	94.5
4. 2018.....	391,779	348,319	11,507	3.3	359,826	91.8	237	4	360,067	91.9
5. 2019.....	402,030	314,525	6,914	2.2	321,439	80.0	36,418	572	358,429	89.2

**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. 2D - Aggregate Reserve for A&H Contracts Only
NONE**

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).....	77,910	85,542	214,385		377,837
2. Salaries, wages and other benefits.....	2,546,102	2,795,528	7,006,104		12,347,734
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....					0
4. Legal fees and expenses.....	3,796	4,169	10,446		18,411
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	27,347	30,027	75,251		132,625
7. Traveling expenses.....	16,741	18,380	46,066		81,187
8. Marketing and advertising.....	260,021	285,494	715,530		1,261,045
9. Postage, express and telephone.....	82,875	90,994	228,047		401,916
10. Printing and office supplies.....	63,600	69,830	175,008		308,438
11. Occupancy, depreciation and amortization.....	496,263	544,879	1,365,565		2,406,707
12. Equipment.....					0
13. Cost or depreciation of EDP equipment and software.....	257,884	283,148	709,620		1,250,652
14. Outsourced services including EDP, claims, and other services.....	641,423	704,259	3,296,898		4,642,580
15. Boards, bureaus and association fees.....	24,501	26,902	67,421		118,824
16. Insurance, except on real estate.....	8,571	9,411	23,585		41,567
17. Collection and bank service charges.....	2,676	2,939	43,320		48,935
18. Group service and administration fees.....	(6,452)	(7,084)	(17,753)		(31,289)
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....	3,076	3,378	8,465		14,919
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....			64,383,831		64,383,831
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....			101,723		101,723
23.4 Payroll taxes.....					0
23.5 Other (excluding federal income and real estate taxes).....	3,317	3,640	18,559		25,516
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	1,071,017	1,175,936	2,947,113	0	5,194,066
26. Total expenses incurred (Lines 1 to 25).....	5,580,668	6,127,372	81,419,184	0	(a).....93,127,224
27. Less expenses unpaid December 31, current year.....	277,314	304,480	32,372,198		32,953,992
28. Add expenses unpaid December 31, prior year.....	333,555	378,254	428,353		1,140,162
29. Amounts receivable relating to uninsured plans, prior year.....					0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	5,636,909	6,201,146	49,475,339	0	61,313,394

DETAILS OF WRITE-INS

2501. Finance Mgmt Fee.....	73,380	80,567	201,919		355,866
2502. HR Mgmt Fee.....	34,825	38,237	95,829		168,891
2503. IS Mgmt Fee.....	935,196	1,026,811	2,573,376		4,535,383
2598. Summary of remaining write-ins for Line 25 from overflow page.....	27,616	30,321	75,989	0	133,926
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above).....	1,071,017	1,175,936	2,947,113	0	5,194,066

(a) Includes management fees of \$.....27,064,357 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).....12,455	.....13,735
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....	.....
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....1,739,952	.....1,739,952
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).....2,054,985	.....2,103,419
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....3,807,392	.....3,857,106
11. Investment expenses.....	.....	(g).....
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....0
17. Net investment income (Line 10 minus Line 16).....	.....	.....3,857,106

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 \$.....1,969 accrual of discount less \$.....14 amortization of premium and less \$.....0 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 \$.....2,203 accrual of discount less \$.....(254,421) 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 \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 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.....			.0		
1.1 Bonds exempt from U.S. tax.....			.0		
1.2 Other bonds (unaffiliated).....			.0		
1.3 Bonds of affiliates.....			.0		
2.1 Preferred stocks (unaffiliated).....			.0		
2.11 Preferred stocks of affiliates.....			.0		
2.2 Common stocks (unaffiliated).....	842,944		842,944	2,880,859	
2.21 Common stocks of affiliates.....			.0		
3. Mortgage loans.....			.0		
4. Real estate.....			.0		
5. Contract loans.....			.0		
6. Cash, cash equivalents and short-term investments.....	128		128		
7. Derivative instruments.....			.0		
8. Other invested assets.....			.0		
9. Aggregate write-ins for capital gains (losses).....	.0	.0	.0	.0	.0
10. Total capital gains (losses).....	843,072	.0	843,072	2,880,859	.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.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....			0
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.....			0
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other-than-invested assets.....	0	51,421	51,421
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	0	51,421	51,421
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	0	51,421	51,421

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. Prepays.....		51,421	51,421
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).....	0	51,421	51,421

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.....	125,703	124,329	123,079	123,955	125,889	1,492,095
2. Provider service organizations.....						
3. Preferred provider organizations.....						
4. Point of service.....						
5. Indemnity only.....						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total.....	125,703	124,329	123,079	123,955	125,889	1,492,095

DETAILS OF WRITE-INS

0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above).....	0	0	0	0	0	0

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	\$ 38,138,963	\$ 8,725,662
(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	\$ 38,138,963	\$ 8,725,662
SURPLUS					
(5) Company state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 117,284,223	\$ 76,212,980
(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	\$ 117,284,223	\$ 76,212,980

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**
NOT APPLICABLE
- (8) **Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities**
NOT APPLICABLE
- (9) **Accounting Policies for Derivatives**
NOT APPLICABLE
- (10) **Anticipated Investment Income Used in Premium Deficiency Calculation**
The Plan 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.

NOTES TO FINANCIAL STATEMENTS

(12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period
The Plan has had no change in capitalization policy.

(13) Method Used to Estimate Pharmaceutical Rebate Receivables
The Plan 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

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) - NOT APPLICABLE

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	0.5%	0.5%

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)
k. On deposit with other regulatory bodies						%	%
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	0.5%	0.5%

(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 (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate) - NOT APPLICABLE
- (3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate) - 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 Plan has no Joint Ventures, Partnerships, or Limited Liability Companies to report.

Note 7 – Investment Income

The note is not applicable to the Plan 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 Plan.

Note 9 – Income Taxes

The Plan is exempt from federal income taxes as an organization described under Internal Revenue Code Section 501(c)(3). 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 Plan 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 Plan was \$27,060,000 and \$26,360,000 in 2019 and 2018, respectively.

Priority Health Choice, Inc. also has a management contract with Priority Health, to provide certain management services. The management fee incurred by the Plan was \$4,000 and \$101,000 in 2019 and 2018, respectively.

Health care costs approximating \$118,000,000 and \$112,789,000 in 2019 and 2018, respectively, were provided to plan members by related organizations.

Amounts due from affiliates of \$415,000 and \$1,258,000 at December 31, 2019, and 2018, respectively, primarily receivables for pharmacy rebates collected by the Plan's parent and contractual obligations under provider participation agreements. Amounts due to affiliates of \$8,440,000 and \$2,053,000 at December 31, 2019 and 2018, respectively, are related to amounts owed under the management agreement and contractual obligations under provider participation agreements.

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

NOTES TO FINANCIAL STATEMENTS

Note 11 – Debt

- A. Debt Including Capital Notes - NOT APPLICABLE
- 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

- (1) The Plan has 60,000 authorized shares of common stock. Of these shares, 10,000 are issued and outstanding, all to its parent company, Priority Health.
- (2) Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues - NOT APPLICABLE
- (3) Dividend Restrictions - NOT APPLICABLE
- (4) Dates and Amounts of Dividends Paid - All stock is non-dividend bearing.
- (5) Profits that may be Paid as Ordinary Dividends to Stockholders - All stock is non-dividend bearing.
- (6) Restrictions Placed on Unassigned Funds (Surplus) - There were no restrictions placed on the Plan's Surplus
- (7) Amount of Advances to Surplus not Repaid - NOT APPLICABLE
- (8) Amount of Stock Held for Special Purposes - NOT APPLICABLE
- (9) Reasons for Changes in Balance of Special Surplus Funds from Prior Period - NOT APPLICABLE
- (10) The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$(2,880,859).
- (11) The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations - NOT APPLICABLE
- (12) The impact of any restatement due to prior quasi-reorganizations is as follows - NOT APPLICABLE
- (13) Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization - NOT APPLICABLE

Note 14 – Liabilities, Contingencies and Assessments

- A. Contingent Commitments
The Plan does not have any commitments or contingent commitments to a SCA entity, joint venture, partnership, limited liability company, or LIHTC at this time.
- 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 Plan.

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 Plan.

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note is not applicable to the Plan.

NOTES TO FINANCIAL STATEMENTS

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during 2019:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$	\$	\$
b. Total net other income or expenses (including interest paid to or received from plans)			
c. Net gain or (loss) from operations			
d. Total claim payment volume	\$ 175,572,850	\$	\$ 175,572,850

All amounts received by the Plan have been paid out to the required parties. No administrative fees have been collected on these amounts and no amounts have been retained as reimbursement for any administrative costs incurred by the Plan. The total claim payment volume above reflects the total pass through amounts relating to the Plan through the reporting period. This total includes \$118,488,656 HRA, \$1,961,295 PCMH, \$10,025,705 GME and \$39,142,523 SNAF. No net gain or loss as it relates to funds received for ASO uninsured plans has been recorded as of December 31, 2019.

B. ASC Plans - NOT APPLICABLE

C. Medicare or Similarly Structured Cost Based Reimbursement Contract - NOT APPLICABLE

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

This note is not applicable to the Plan.

Note 20 – Fair Value Measurements

A.

The Plan'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.

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	\$ 64,506,877	\$	\$	\$	\$ 64,506,877
Total	\$ 64,506,877	\$	\$	\$	\$ 64,506,877
Liabilities at Fair Value					
	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$

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

(3) Policies when Transfers Between Levels are Recognized - NOT APPLICABLE

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement - NOT APPLICABLE

(5) Fair Value Disclosures - 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	\$ 64,506,877	\$ 64,506,877	\$ 64,506,877	\$	\$	\$	\$

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

NOTES TO FINANCIAL STATEMENTS

- B. Troubled Debt Restructuring Debtors - NOT APPLICABLE
- C. Other Disclosures - NOT APPLICABLE
- D. Business Interruption Insurance Recoveries - NOT APPLICABLE
- E. State Transferable and Non-Transferable Tax Credits - NOT APPLICABLE
- F. Subprime Mortgage Related Risk Exposure - NOT APPLICABLE
- G. Retained Assets - NOT APPLICABLE
- H. Insurance-Linked Securities (ILS) Contracts - NOT APPLICABLE
- I. The Amount that Could be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or has Otherwise Obtained Rights to Control the Policy - NOT APPLICABLE

Note 22 – Events Subsequent

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

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

This note is not applicable to the Plan.

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 \$10,497,000 in 2019, decreasing the prior year-end claim reserve estimates of approximately \$42,700,000 to \$32,203,000.

Note 26 – Intercompany Pooling Arrangements

This note is not applicable to the Plan.

Note 27 – Structured Settlements

This note is not applicable to the Plan.

Note 28 – Health Care Receivables

- A. Pharmaceutical Rebate Receivables

The Plan's method for estimating pharmacy rebates relies on the information provided by pharmacy benefit managers for invoiced rebates. The Plan's pharmacy rebates are collected by its parent company and are included in the Plan's amounts due from affiliates.

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	\$ 217,826	\$	\$	\$	\$
09/30/2019	\$ 216,648	\$	\$ 418,860	\$	\$
06/30/2019	\$ 188,514	\$	\$ 419,106	\$ (23)	\$
03/31/2019	\$ 185,606	\$	\$ 410,665	\$	\$
	\$	\$	\$	\$	\$
12/31/2018	\$ 218,165	\$	\$ 729,182	\$ 4,511	\$ 34,009
09/30/2018	\$ 217,517	\$	\$ 360,098	\$ 340,743	\$ 5,225
06/30/2018	\$ 214,833	\$	\$ 346,532	\$ (38)	\$ 383,188
03/31/2018	\$ 201,929	\$	\$ 348,489	\$ (19)	\$ 379,407
	\$	\$	\$	\$	\$
12/31/2017	\$ 233,795	\$	\$ 754,479	\$ 23,856	\$ 1,896
09/30/2017	\$ 218,285	\$	\$ 320,141	\$ 439,128	\$ 1,387
06/30/2017	\$ 196,154	\$	\$ 321,618	\$ 819	\$ 369,526
03/31/2017	\$ 202,038	\$	\$ 320,529	\$ 1,086	\$ 313,788

- B. Risk-Sharing Receivables - NOT APPLICABLE

Note 29 – Participating Policies

This note is not applicable to the Plan.

Note 30 – Premium Deficiency Reserves

NOTES TO FINANCIAL STATEMENTS

The Plan did not have a premium deficiency reserve as of December 31, 2019 and 2018.

Note 31 – Anticipated Salvage and Subrogation

This note is not applicable to the Plan.

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? MI
- 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?
 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 | 2 | 3 |
|----------------|-------------------|-------------------|
| Name of Entity | NAIC Company Code | 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 | 2 |
|-------------|----------------|
| Nationality | 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 | 2 | 3 | 4 | 5 | 6 |
|----------------|------------------------|-----|-----|------|-----|
| Affiliate Name | Location (City, State) | FRB | OCC | FDIC | 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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes 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 & Advisory Actuarial 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 No
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved 0
- 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If yes, provide explanation
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes No
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes No
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes No N/A
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes 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
- 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
- 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
- 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 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 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 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
- 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
- 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
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ 0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 <input checked="" type="checkbox"/> No <input type="checkbox"/>
23.2	If yes, indicate any amounts receivable from parent included in the Page 2 amount:	\$	379,579

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 <input type="checkbox"/> No <input checked="" type="checkbox"/>
24.02	If no, give full and complete information, relating thereto: <u>PH Choice had exclusive control over the securities, however, a third party, Mellon Bank, had actual possession of the securities</u>		
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 <i>Risk-Based Capital Instructions</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
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 <input type="checkbox"/>	No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
24.08	Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?	Yes <input type="checkbox"/>	No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
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 <input type="checkbox"/>	No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
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 <input checked="" type="checkbox"/> No <input type="checkbox"/>
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:							
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; border-bottom: 1px solid black; text-align: center;">1 Nature of Restriction</td> <td style="width: 33%; border-bottom: 1px solid black; text-align: center;">2 Description</td> <td style="width: 33%; border-bottom: 1px solid black; text-align: center;">3 Amount</td> </tr> <tr> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black;"></td> <td style="border-bottom: 1px solid black; text-align: right;">\$</td> </tr> </table>	1 Nature of Restriction	2 Description	3 Amount			\$	
1 Nature of Restriction	2 Description	3 Amount						
		\$						

26.1	Does the reporting entity have any hedging transactions reported on Schedule DB?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
26.2	If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.	Yes <input type="checkbox"/>	No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>

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 <input type="checkbox"/> No <input type="checkbox"/>
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 <input type="checkbox"/>	No <input type="checkbox"/>
26.42	Permitted accounting practice	Yes <input type="checkbox"/>	No <input type="checkbox"/>
26.43	Other accounting guidance	Yes <input type="checkbox"/>	No <input type="checkbox"/>
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 <input type="checkbox"/>	No <input type="checkbox"/>
	<ul style="list-style-type: none"> 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 <input type="checkbox"/> No <input checked="" type="checkbox"/>
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 <i>Financial Condition Examiners Handbook</i> ?		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

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

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

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

28.05 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
Prime Advisors, Inc	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 [X] 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 [X]

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
N/A	Prime Advisors, Inc	2549001RCVKOOT5TXG16	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 [X] 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	\$ 1,636,063
057071 85 4	BAIRD AGGREGATE BD FD	\$ 21,582,045
233203 58 7	DFA EMERGING MKTS VAL	\$ 680,440
315911 75 0	FIDELITY 500 INDX FD	\$ 5,962,330
41664T 44 6	HARTFORD INTL VALUE FD	\$ 2,331,374
461418 44 4	WCM FOCUSED INTL GWTH	\$ 2,342,212
693390 55 1	PIMCO TOTAL RET II-INST	\$ 21,506,167
72201F 49 0	PIMCO INC FD-INS	\$ 6,463,447
922908 87 6	VANGUARD SMALL CAP IX FD	\$ 1,312,554
94988V 70 4	WELLS FARGO EMERGING MKTS	\$ 690,245
29.2999 TOTAL		\$ 64,506,877

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	\$ 43,519	12/31/2019
BAIRD AGGREGATE BD FD	United States Treasury Notes	\$ 1,154,639	12/31/2019
DFA EMERGING MKTS VAL	Reliance Industries Ltd	\$ 27,218	12/31/2019
FIDELITY 500 INDX FD	Microsoft Corp.	\$ 262,343	12/31/2019
HARTFORD INTL VALUE FD	Royal Dutch Shell PLC B	\$ 51,290	12/31/2019
WCM FOCUSED INTL GWTH	CSL Ltd	\$ 110,084	12/31/2019
PIMCO TOTAL RET II-INST	Federal National Mortgage Association	\$ 2,658,162	12/31/2019
PIMCO INC FD-INS	Irs Usd 3.00000 06/19/19-5y Cme 06-19-24	\$ 917,809	12/31/2019
VANGUARD SMALL CAP IX FD	Leidos Holdings Inc	\$ 5,250	12/31/2019
WELLS FARGO EMERGING MKTS	Taiwan Semiconductor Manufacturing Co Ltd	\$ 40,034	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 (+)

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

30.1	Bonds	\$ 49,793,063	\$ 49,836,727	\$ 43,664
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 49,793,063	\$ 49,836,727	\$ 43,664

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

Pricing Services & 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:

- a. 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.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. 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:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. 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.
- d. 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:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. 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.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. 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.
- f. 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? \$ 93,698

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	\$ 51,867
AM Best	\$ 29,900

37.1 Amount of payments for legal expenses, if any? \$ 34,608

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	\$ 15,236

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 113,186

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 [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
1.2	If yes, indicate premium earned on U.S. business only.	\$		0
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.	\$		0
1.6	Individual policies:			
	Most current three years:			
1.61	Total premium earned	\$		0
1.62	Total incurred claims	\$		0
1.63	Number of covered lives			0
	All years prior to most current three years:			
1.64	Total premium earned	\$		0
1.65	Total incurred claims	\$		0
1.66	Number of covered lives			0
1.7	Group policies:			
	Most current three years:			
1.71	Total premium earned	\$		0
1.72	Total incurred claims	\$		0
1.73	Number of covered lives			0
	All years prior to most current three years:			
1.74	Total premium earned	\$		0
1.75	Total incurred claims	\$		0
1.76	Number of covered lives			0
2.	Health Test:			
		1	2	
		Current Year	Prior Year	
2.1	Premium Numerator	\$ 406,479,054	\$ 396,476,443	
2.2	Premium Denominator	\$ 406,479,054	\$ 396,476,443	
2.3	Premium Ratio (2.1/2.2)	100.0%	100.0%	
2.4	Reserve Numerator	\$ 37,048,618	\$ 47,431,233	
2.5	Reserve Denominator	\$ 37,048,618	\$ 47,431,233	
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 [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
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 [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?			Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
5.1	Does the reporting entity have stop-loss reinsurance?			Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
5.2	If no, explain:			
5.3	Maximum retained risk (see instructions)			
5.31	Comprehensive Medical	\$		1,000,000
5.32	Medical Only	\$		1,000,000
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:			

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

HMO holds harmless provisions of provider contracts, trust indentures

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No []
- 7.2 If no, give details
-
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 8,687
- 8.2 Number of providers at end of reporting year 9,493
-
- 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 3,878,679
- 10.22 Amount actually paid for year bonuses 3,972,239
- 10.23 Maximum amount payable withholds 660,155
- 10.24 Amount actually paid for year withholds 1,096,153
-
- 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. \$ 27,852,952
-
- 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
Allegan
Barry
Berrien
Branch
Calhoun
Cass
Ionia
Kalamazoo
Kent
Lake
Mason
Mecosta
Montcalm
Muskegon
Newaygo
Oceana
Osceola
Ottawa
Saint Joseph
Van Buren

- 13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0
-
- 13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ 0
-
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [] No [X] N/A []
- 14.2 If the answer to 14.1 is yes, please provide the following:

1	2	3	4	Assets Supporting Reserve Credit
---	---	---	---	----------------------------------

GENERAL INTERROGATORIES

PART 2 – HEALTH INTERROGATORIES

Company Name	NAIC Company Code	Domiciliary Jurisdiction	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).....	199,832,511	129,322,829	125,076,094	132,328,090	122,787,215
2. Total liabilities (Page 3, Line 24).....	82,548,285	53,109,849	56,292,038	76,978,637	77,906,266
3. Statutory minimum capital and surplus requirement.....	27,852,952	27,901,046	29,745,544	26,802,862	24,604,935
4. Total capital and surplus (Page 3, Line 33).....	117,284,223	76,212,980	68,784,056	55,349,453	44,880,949
Income Statement (Page 4)					
5. Total revenues (Line 8).....	471,049,566	396,476,443	517,463,814	484,530,294	452,045,980
6. Total medical and hospital expenses (Line 18).....	344,483,557	361,003,213	476,498,873	419,859,650	386,402,389
7. Claims adjustment expenses (Line 20).....	11,708,041	11,671,863	11,166,090	10,975,892	9,397,200
8. Total administrative expenses (Line 21).....	81,419,183	17,694,960	18,965,076	45,483,385	41,764,759
9. Net underwriting gain (loss) (Line 24).....	33,438,785	6,106,407	10,833,775	8,211,367	14,481,632
10. Net investment gain (loss) (Line 27).....	4,700,178	2,619,254	1,950,514	1,375,624	683,262
11. Total other income (Lines 28 plus 29).....				950,700	
12. Net income or (loss) (Line 32).....	38,138,963	8,725,661	12,784,289	10,537,691	15,164,894
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	59,677,404	9,250,208	(6,342,894)	8,814,381	27,561,357
Risk-Based Capital Analysis					
14. Total adjusted capital.....	117,284,223	76,212,980	68,784,056	55,349,453	44,880,949
15. Authorized control level risk-based capital.....	13,926,476	13,950,523	14,872,772	13,401,431	12,302,468
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	125,889	125,703	123,735	119,489	115,522
17. Total member months (Column 6, Line 7).....	1,492,095	1,514,424	1,498,864	1,349,587	1,356,865
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).....	84.7	91.1	92.1	86.7	85.5
20. Cost containment expenses.....	1.4	1.4	1.1	1.1	0.9
21. Other claims adjustment expenses.....	1.5	1.6	1.1	1.2	1.2
22. Total underwriting deductions (Line 23).....	107.7	98.5	97.9	98.3	96.8
23. Total underwriting gain (loss) (Line 24).....	8.2	1.5	2.1	1.7	3.2
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5).....	34,217,903	42,203,073	59,550,655	54,938,781	35,768,848
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)].....	44,377,378	46,046,172	63,548,868	63,579,601	44,310,390
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1).....					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....					
32. Total of above Lines 26 to 31.....	0	0	0	0	0
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		4,454,632	402,524,055					406,978,687	
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	0
59. Subtotal.....	..XXX	0	4,454,632	402,524,055	0	0	0	0	406,978,687	0
60. Reporting entity contributions for Employee Benefit Plans.....	..XXX								0	
61. Total (Direct Business).....	..XXX	0	4,454,632	402,524,055	0	0	0	0	406,978,687	0

DETAILS OF WRITE-INS

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

(a) Active Status Counts:

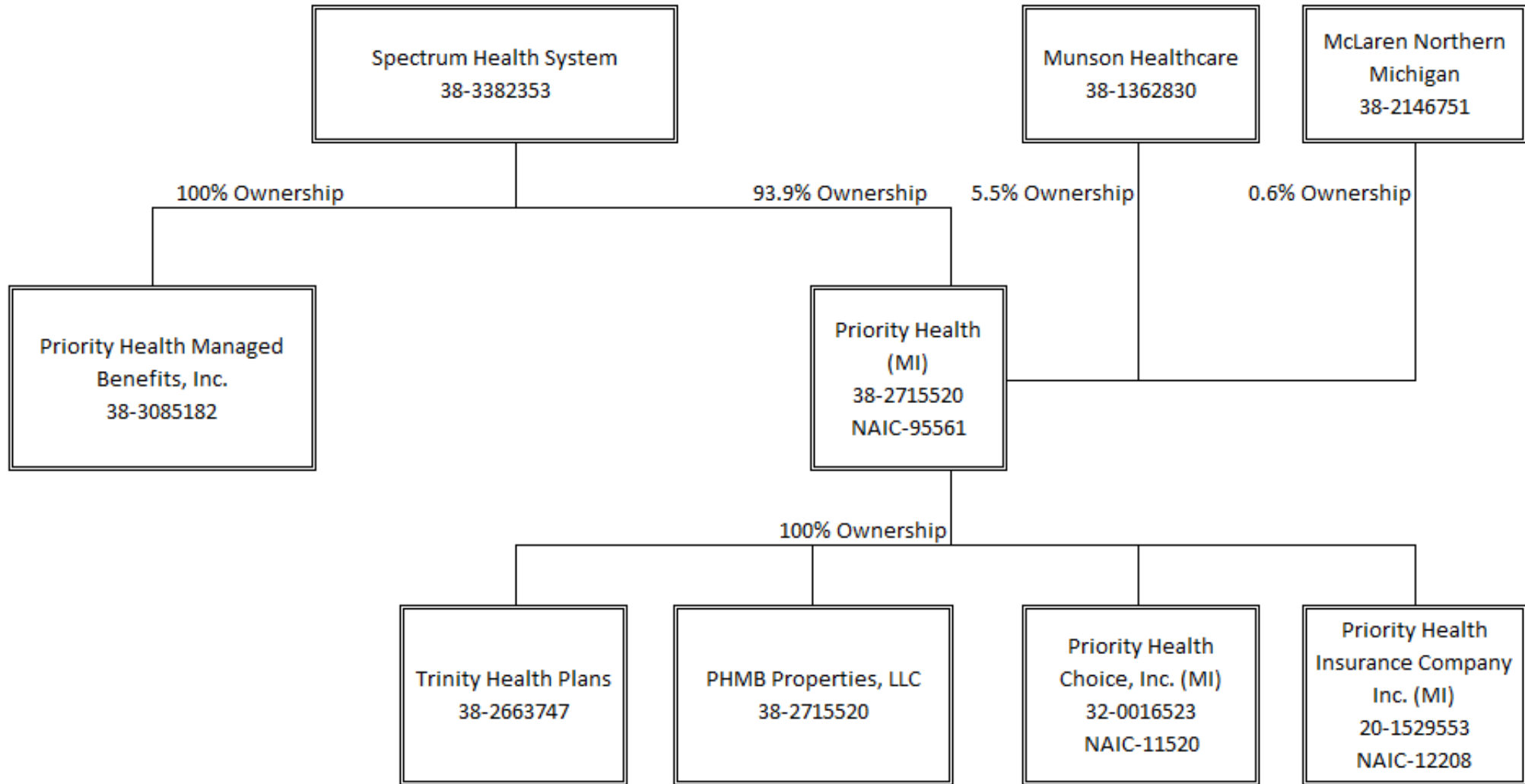
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....	1
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state.....	0

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

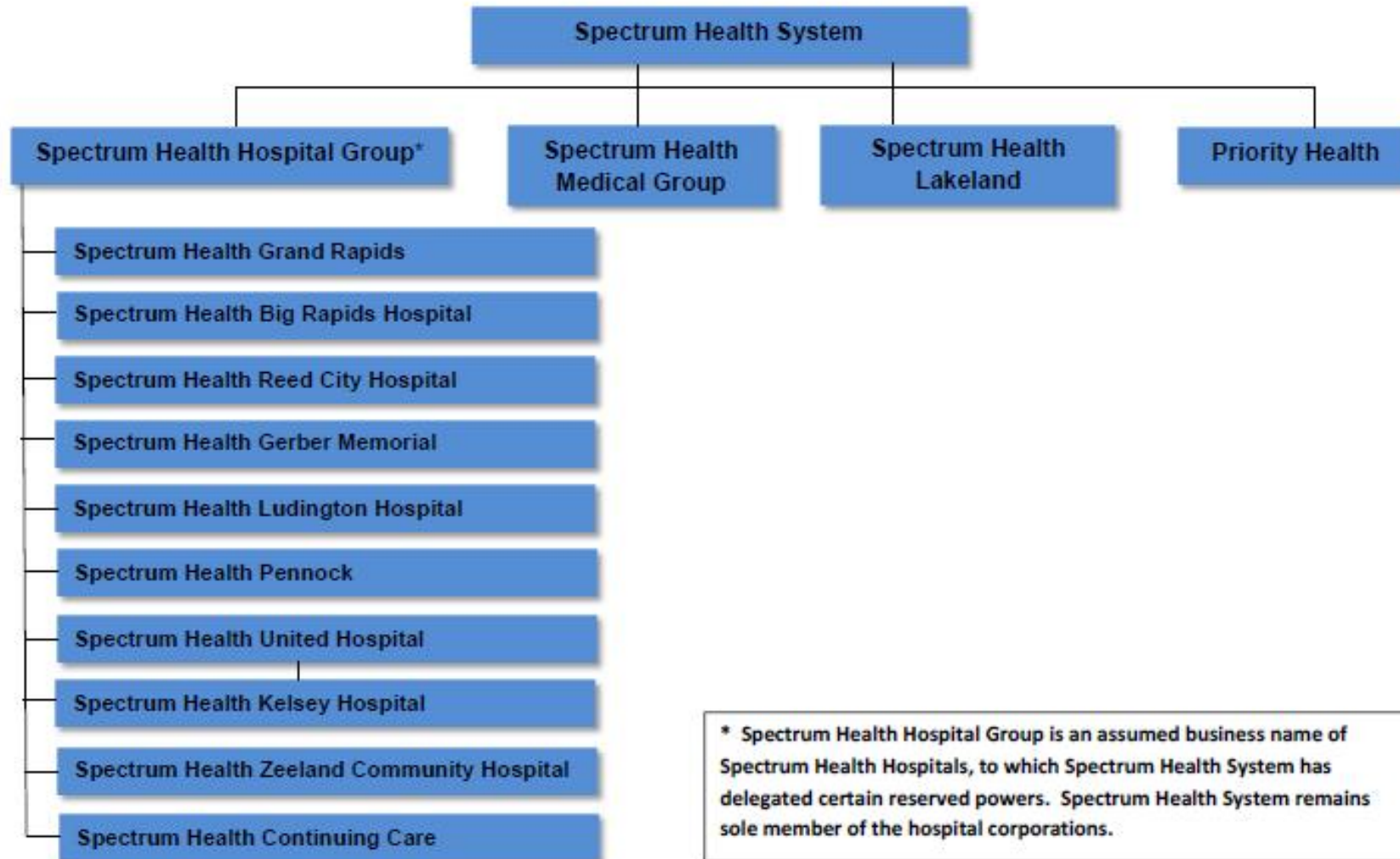
PART 1 – ORGANIZATIONAL CHART



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

PART 1 – ORGANIZATIONAL CHART

Spectrum Health Corporate Structure



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