



# HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2015  
OF THE CONDITION AND AFFAIRS OF THE

## Maine Community Health Options

NAIC Group Code 0000 0000 NAIC Company Code 15077 Employer's ID Number 45-3416923  
(Current) (Prior)

Organized under the Laws of Maine, State of Domicile or Port of Entry ME

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health

Is HMO Federally Qualified? Yes [ ] No [ X ]

Incorporated/Organized 09/26/2011 Commenced Business 01/01/2014

Statutory Home Office 150 Mill Street, Third Floor, Lewiston, ME, US 04240  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 150 Mill Street, Third Floor  
(Street and Number)  
Lewiston, ME, US 04240,                       
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address PO Box 1121, Lewiston, ME, US 04243-1121  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 150 Mill Street, Third Floor  
(Street and Number)  
Lewiston, ME, US 04240,                       
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.healthoptions.org

Statutory Statement Contact Charissa Michelle Kerr, 207-330-2390  
(Name) (Area Code) (Telephone Number)  
ckerr@healthoptions.org, 207-402-3318  
(E-mail Address) (FAX Number)

### OFFICERS

Chief Executive Officer <u>Kevin Lewis</u>	Chief Human Resources Officer <u>Joyce H McPhetres</u>
Chief Operating Officer <u>Robert J Hillman</u>	Chief Financial Officer <u>Edward J Vozzo</u>

### OTHER

William Kilbreth, Chief Information Officer John Yindra, MD, Chief Medical Officer

### DIRECTORS OR TRUSTEES

<u>James Davis</u>	<u>Weston Bonney</u>	<u>Maryagnes Gillman</u>
<u>Linda Riddell</u>	<u>Trish Riley #</u>	<u>Laura Ronan #</u>
<u>W. Douglas Smith #</u>	<u>Douglas Wilson #</u>	<u>Mike Woodard #</u>
<u>David Shipman</u>	<u>Fred Craigie Dr.</u>	<u>Lani Graham Dr.</u>
<u>Gregory Wolf</u>	<u>Dana Baldwin #</u>	<u>Sarah C Hines #</u>
<u>David Shultz #</u>	<u>Rocell Marcellino #</u>	<u>Ronnie Weston #</u>

State of Maine SS:  
 County of Androscoggin

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.

Kevin Lewis  
 Chief Executive Officer

Edward Vozzo  
 Chief Financial Officer

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_

- 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.....

Carrie L. Bolduc  
 Notary  
 08/2020

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options

**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) .....	41,307,062		41,307,062	23,322,621
2. Stocks (Schedule D):				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....			0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ .....			0	0
encumbrances) .....				
4.2 Properties held for the production of income (less				
\$ .....				
encumbrances) .....			0	0
4.3 Properties held for sale (less \$ .....				
encumbrances) .....			0	0
5. Cash (\$ .....16,644,696 , Schedule E - Part 1), cash equivalents				
(\$ ..... , Schedule E - Part 2) and short-term				
investments (\$ .....59,761,266 , Schedule DA) .....	76,405,962		76,405,962	27,291,349
6. Contract loans, (including \$ ..... premium notes) .....			0	0
7. Derivatives (Schedule DB) .....			0	0
8. Other invested assets (Schedule BA) .....	105,000	105,000	0	0
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets (Schedule DL) .....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	117,818,024	105,000	117,713,024	50,613,970
13. Title plants less \$ ..... charged off (for Title insurers				
only) .....			0	0
14. Investment income due and accrued .....	149,543		149,543	69,746
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	4,278,520	378,361	3,900,159	1,927,425
15.2 Deferred premiums and agents' balances and installments booked but				
deferred and not yet due (including \$ .....				
earned but unbilled premiums) .....			0	0
15.3 Accrued retrospective premiums (\$ ..... ) and				
contracts subject to redetermination (\$ ..... ) .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	36,565,310		36,565,310	22,899,829
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset .....			0	0
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software .....	1,131,269	748,750	382,519	345,024
21. Furniture and equipment, including health care delivery assets				
(\$ ..... ) .....	412,436	412,436	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....			0	0
24. Health care (\$ .....3,404,838 ) and other amounts receivable .....	13,241,231	4,396,179	8,845,052	1,496,015
25. Aggregate write-ins for other than invested assets .....	1,497,161	1,497,161	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and				
Protected Cell Accounts (Lines 12 to 25) .....	175,093,494	7,537,887	167,555,607	77,352,009
27. From Separate Accounts, Segregated Accounts and Protected Cell				
Accounts .....			0	0
28. Total (Lines 26 and 27)	175,093,494	7,537,887	167,555,607	77,352,009
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Prepaid Expenses .....	1,440,007	1,440,007	0	0
2502. Risk Corridor Receivable .....	40,018	40,018	0	0
2503. Security Deposits .....	17,136	17,136	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	1,497,161	1,497,161	0	0

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....10,000,000 reinsurance ceded).....	56,354,564		56,354,564	26,890,117
2. Accrued medical incentive pool and bonus amounts.....	349,385		349,385	215,525
3. Unpaid claims adjustment expenses.....	1,990,637		1,990,637	703,096
4. Aggregate health policy reserves, including the liability of \$ .....0 for medical loss ratio rebate per the Public Health Service Act.....	43,072,541		43,072,541	502,580
5. Aggregate life policy reserves.....			0	0
6. Property/casualty unearned premium reserves.....			0	0
7. Aggregate health claim reserves.....			0	0
8. Premiums received in advance.....	7,610,274		7,610,274	5,811,209
9. General expenses due or accrued.....	5,228,611		5,228,611	2,596,347
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses)).....			0	0
10.2 Net deferred tax liability.....			0	0
11. Ceded reinsurance premiums payable.....	3,082,272		3,082,272	1,652,280
12. Amounts withheld or retained for the account of others.....	16,099		16,099	34,528
13. Remittances and items not allocated.....			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current).....			0	11,569,207
15. Amounts due to parent, subsidiaries and affiliates.....			0	0
16. Derivatives.....			0	0
17. Payable for securities.....			0	0
18. Payable for securities lending.....			0	0
19. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers, \$ .....0 unauthorized reinsurers and \$ .....0 certified reinsurers).....			0	0
20. Reinsurance in unauthorized and certified (\$ ..... ) companies.....			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	0
22. Liability for amounts held under uninsured plans.....			0	0
23. Aggregate write-ins for other liabilities (including \$ ..... current).....	67,430	0	67,430	0
24. Total liabilities (Lines 1 to 23).....	117,771,813	0	117,771,813	49,974,889
25. Aggregate write-ins for special surplus funds.....	XXX	XXX	2,907,530	1,351,241
26. Common capital stock.....	XXX	XXX		
27. Preferred capital stock.....	XXX	XXX		
28. Gross paid in and contributed surplus.....	XXX	XXX		
29. Surplus notes.....	XXX	XXX	132,316,124	31,322,714
30. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
31. Unassigned funds (surplus).....	XXX	XXX	(85,439,860)	(5,296,833)
32. Less treasury stock, at cost:				
32.1 ..... shares common (value included in Line 26 \$ ..... ).....	XXX	XXX		
32.2 ..... shares preferred (value included in Line 27 \$ ..... ).....	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32).....	XXX	XXX	49,783,794	27,377,122
34. Total liabilities, capital and surplus (Lines 24 and 33).....	XXX	XXX	167,555,607	77,352,011
<b>DETAILS OF WRITE-INS</b>				
2301. Risk Adjustment User Fee Payable.....	67,430		67,430	
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above).....	67,430	0	67,430	0
2501. Estimated ACA Insurer Fee.....	XXX	XXX	2,907,530	1,351,241
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 thru 2503 plus 2598)(Line 25 above).....	XXX	XXX	2,907,530	1,351,241
3001. ....	XXX	XXX		
3002. ....	XXX	XXX		
3003. ....	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above).....	XXX	XXX	0	0

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	824,005	390,357
2. Net premium income ( including \$ ..... non-health premium income) .....	XXX	331,610,530	167,910,503
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	(44,561,117)	(502,580)
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX	0	
5. Risk revenue .....	XXX	0	
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	7,925
8. Total revenues (Lines 2 to 7) .....	XXX	287,049,413	167,415,848
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		251,274,963	106,456,420
10. Other professional services .....		18,214,054	7,400,799
11. Outside referrals .....		21,076,494	14,164,734
12. Emergency room and out-of-area .....		20,563,307	8,912,343
13. Prescription drugs .....		43,194,624	20,026,551
14. Aggregate write-ins for other hospital and medical .....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts .....		349,385	215,525
16. Subtotal (Lines 9 to 15) .....	0	354,672,827	157,176,372
<b>Less:</b>			
17. Net reinsurance recoveries .....		54,828,457	31,149,508
18. Total hospital and medical (Lines 16 minus 17) .....	0	299,844,370	126,026,864
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$ .....4,118,710 cost containment expenses .....		13,497,447	7,297,951
21. General administrative expenses .....		47,914,916	26,825,131
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....		0	0
23. Total underwriting deductions (Lines 18 through 22).....	0	361,256,733	160,149,946
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	(74,207,320)	7,265,902
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		193,731	87,557
26. Net realized capital gains (losses) less capital gains tax of \$ .....		(2,755)	(17,272)
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	190,976	70,285
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			
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	(74,016,344)	7,336,187
31. Federal and foreign income taxes incurred .....	XXX		
32. Net income (loss) (Lines 30 minus 31) .....	XXX	(74,016,344)	7,336,187
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above) .....	XXX	0	0
0701. Other Revenue .....	XXX		7,925
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above) .....	XXX	0	7,925
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above) .....	0	0	0
2901. ....			
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above) .....	0	0	0

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year.....	27,377,122	5,897,119
34. Net income or (loss) from Line 32.....	(74,016,344)	7,336,187
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....		
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....		
39. Change in nonadmitted assets.....	(4,570,394)	(1,592,898)
40. Change in unauthorized and certified reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	100,993,410	15,736,714
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in.....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....	0	0
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).....	22,406,672	21,480,003
49. Capital and surplus end of reporting period (Line 33 plus 48)	49,783,794	27,377,122
<b>DETAILS OF WRITE-INS</b>		
4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	331,080,953	171,630,496
2. Net investment income .....	279,849	185,427
3. Miscellaneous income .....	0	7,925
4. Total (Lines 1 through 3) .....	331,360,802	171,823,848
5. Benefit and loss related payments .....	283,911,544	121,821,051
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	57,492,558	31,647,272
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....	0	0
10. Total (Lines 5 through 9) .....	341,404,102	153,468,323
11. Net cash from operations (Line 4 minus Line 10) .....	(10,043,300)	18,355,525
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	8,711,004	5,619,758
12.2 Stocks .....	0	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	8,711,004	5,619,758
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	26,864,116	20,615,031
13.2 Stocks .....	0	0
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	105,000	0
13.6 Miscellaneous applications .....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	26,969,116	20,615,031
14. Net increase (decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(18,258,111)	(14,995,273)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	100,993,410	15,736,714
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	(11,569,207)	1,301,968
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied) .....	(12,108,179)	(2,821,217)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	77,316,024	14,217,465
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	49,014,613	17,577,717
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	27,391,349	9,813,632
19.2 End of year (Line 18 plus Line 19.1) .....	76,405,962	27,391,349

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

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ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options  
**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	331,610,530	331,610,530								
2. Change in unearned premium reserves and reserve for rate credit	(44,561,117)	(44,561,117)								
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	287,049,413	287,049,413	0	0	0	0	0	0	0	0
8. Hospital/medical benefits	251,274,963	251,274,963								XXX
9. Other professional services	18,214,054	18,214,054								XXX
10. Outside referrals	21,076,494	21,076,494								XXX
11. Emergency room and out-of-area	20,563,307	20,563,307								XXX
12. Prescription drugs	43,194,624	43,194,624								XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	349,385	349,385								XXX
15. Subtotal (Lines 8 to 14)	354,672,827	354,672,827	0	0	0	0	0	0	0	XXX
16. Net reinsurance recoveries	54,828,457	54,828,457								XXX
17. Total medical and hospital (Lines 15 minus 16)	299,844,370	299,844,370	0	0	0	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 4,118,710 cost containment expenses	13,497,447	13,497,447								
20. General administrative expenses	47,914,916	47,914,916								
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	361,256,733	361,256,733	0	0	0	0	0	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	(74,207,320)	(74,207,320)	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS**

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....	341,237,477		9,626,947	331,610,530
2. Medicare Supplement .....				0
3. Dental only .....				0
4. Vision only .....				0
5. Federal Employees Health Benefits Plan .....	0			0
6. Title XVIII - Medicare .....	0			0
7. Title XIX - Medicaid .....	0			0
8. Other health .....				0
9. Health subtotal (Lines 1 through 8) .....	341,237,477	0	9,626,947	331,610,530
10. Life .....	0			0
11. Property/casualty .....	0			0
12. Totals (Lines 9 to 11)	341,237,477	0	9,626,947	331,610,530

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - CLAIMS INCURRED DURING THE YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	329,413,866	329,413,866								
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	39,412,655	39,412,655								
1.4 Net	290,001,211	290,001,211	0	0	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses	215,525	215,525								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	66,354,564	66,354,564	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	10,000,000	10,000,000	0	0	0	0	0	0	0	0
3.4 Net	56,354,564	56,354,564	0	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	349,385	349,385								
6. Net healthcare receivables (a)	6,305,192	6,305,192								
7. Amounts recoverable from reinsurers December 31, current year	36,565,310	36,565,310								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	35,139,796	35,139,796	0	0	0	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	8,249,679	8,249,679	0	0	0	0	0	0	0	0
8.4 Net	26,890,117	26,890,117	0	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	215,525	215,525								
11. Amounts recoverable from reinsurers December 31, prior year	22,899,829	22,899,829								
12. Incurred Benefits:										
12.1 Direct	354,323,442	354,323,442	0	0	0	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	54,828,457	54,828,457	0	0	0	0	0	0	0	0
12.4 Net	299,494,985	299,494,985	0	0	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	349,385	349,385	0	0	0	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	29,010,239	29,010,239								
1.2 Reinsurance assumed .....	0									
1.3 Reinsurance ceded .....	5,300,000	5,300,000								
1.4 Net .....	23,710,239	23,710,239	0	0	0	0	0	0	0	0
2. Incurred but Unreported:										
2.1 Direct .....	37,344,325	37,344,325								
2.2 Reinsurance assumed .....	0									
2.3 Reinsurance ceded .....	4,700,000	4,700,000								
2.4 Net .....	32,644,325	32,644,325	0	0	0	0	0	0	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 .....	66,354,564	66,354,564	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded .....	10,000,000	10,000,000	0	0	0	0	0	0	0	0
4.4 Net .....	56,354,564	56,354,564	0	0	0	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options

**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	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	18,210,104	258,125,628	286,477	56,068,087	18,496,581	26,890,117
2. Medicare Supplement .....					0	0
3. Dental Only .....					0	0
4. Vision Only .....					0	0
5. Federal Employees Health Benefits Plan .....					0	0
6. Title XVIII - Medicare .....					0	0
7. Title XIX - Medicaid .....					0	0
8. Other health .....					0	0
9. Health subtotal (Lines 1 to 8) .....	18,210,104	258,125,628	286,477	56,068,087	18,496,581	26,890,117
10. Healthcare receivables (a) .....	8,234	7,792,783			8,234	1,495,823
11. Other non-health .....					0	0
12. Medical incentive pools and bonus amounts .....	215,525		46,244	303,141	261,769	215,525
13. Totals (Lines 9 - 10 + 11 + 12)	18,417,395	250,332,845	332,721	56,371,228	18,750,116	25,609,819

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

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)**

**Section A - Paid Health Claims - Comprehensive (Hospital & Medical)**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	0	0	0	0	
2.	2011					
3.	2012	XXX				
4.	2013	XXX	XXX			
5.	2014	XXX	XXX	XXX	98,921	18,417
6.	2015	XXX	XXX	XXX	XXX	250,333

**Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	0	0	0	0	
2.	2011					
3.	2012	XXX				
4.	2013	XXX	XXX			
5.	2014	XXX	XXX	XXX	126,027	(6,860)
6.	2015	XXX	XXX	XXX	XXX	306,704

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011				0.0	0	0.0			0	0.0
2. 2012				0.0	0	0.0			0	0.0
3. 2013				0.0	0	0.0			0	0.0
4. 2014	167,911	117,339	5,155	4.4	122,494	73.0	333	8	122,835	73.2
5. 2015	341,237	250,333	7,388	3.0	257,721	75.5	56,371	1,982	316,074	92.6

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)**

**Section A - Paid Health Claims - Grand Total**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	0	0	0	0	0
2.	2011	0	0	0	0	0
3.	2012	XXX	0	0	0	0
4.	2013	XXX	XXX	0	0	0
5.	2014	XXX	XXX	XXX	98,921	18,417
6.	2015	XXX	XXX	XXX	XXX	250,333

**Section B - Incurred Health Claims - Grand Total**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	0	0	0	0	0
2.	2011	0	0	0	0	0
3.	2012	XXX	0	0	0	0
4.	2013	XXX	XXX	0	0	0
5.	2014	XXX	XXX	XXX	126,027	(6,860)
6.	2015	XXX	XXX	XXX	XXX	306,704

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011	0	0	0	0.0	0	0.0	0	0	0	0.0
2. 2012	0	0	0	0.0	0	0.0	0	0	0	0.0
3. 2013	0	0	0	0.0	0	0.0	0	0	0	0.0
4. 2014	167,911	117,339	5,155	4.4	122,494	73.0	333	8	122,835	73.2
5. 2015	341,237	250,333	7,388	3.0	257,721	75.5	56,371	1,982	316,074	92.6

12.GT

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	0								
2. Additional policy reserves (a) .....	43,072,541	43,072,541							
3. Reserve for future contingent benefits .....	0								
4. Reserve for rate credits or experience rating refunds (including \$ ..... ) for investment income .....	0								
5. Aggregate write-ins for other policy reserves .....	0	0	0	0	0	0	0	0	0
6. Totals (gross) .....	43,072,541	43,072,541	0	0	0	0	0	0	0
7. Reinsurance ceded .....	0								
8. Totals (Net)(Page 3, Line 4) .....	43,072,541	43,072,541	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims .....	0								
10. Reserve for future contingent benefits .....	0								
11. Aggregate write-ins for other claim reserves .....	0	0	0	0	0	0	0	0	0
12. Totals (gross) .....	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded .....	0								
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ .....43,072,541 premium deficiency reserve.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options  
**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 (\$ ..... for occupancy of own building) .....			261,926		261,926
2. Salary, wages and other benefits .....	1,840,723	85,266	9,852,532		11,778,521
3. Commissions (less \$ ..... ceded plus \$ ..... assumed) .....			3,069,064		3,069,064
4. Legal fees and expenses .....			188,270		188,270
5. Certifications and accreditation fees .....			31,226		31,226
6. Auditing, actuarial and other consulting services .....			1,519,876		1,519,876
7. Traveling expenses .....			373,344		373,344
8. Marketing and advertising .....			1,839,119		1,839,119
9. Postage, express and telephone .....			1,254,386		1,254,386
10. Printing and office supplies .....			845,356		845,356
11. Occupancy, depreciation and amortization .....			203,804		203,804
12. Equipment .....			633,218		633,218
13. Cost or depreciation of EDP equipment and software .....			796,057		796,057
14. Outsourced services including EDP, claims, and other services .....	2,167,109	9,288,335	11,817,362	74,776	23,347,582
15. Boards, bureaus and association fees .....			42,380		42,380
16. Insurance, except on real estate .....			188,114		188,114
17. Collection and bank service charges .....			493,843		493,843
18. Group service and administration fees .....			0		0
19. Reimbursements by uninsured plans .....			0		0
20. Reimbursements from fiscal intermediaries .....			0		0
21. Real estate expenses .....			176,422		176,422
22. Real estate taxes .....			0		0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....			0		0
23.2 State premium taxes .....			643,551		643,551
23.3 Regulatory authority licenses and fees .....			11,616,190		11,616,190
23.4 Payroll taxes .....	110,878	5,136	661,659		777,673
23.5 Other (excluding federal income and real estate taxes) .....			765,866		765,866
24. Investment expenses not included elsewhere .....					0
25. Aggregate write-ins for expenses .....	0	0	641,351	0	641,351
26. Total expenses incurred (Lines 1 to 25) .....	4,118,710	9,378,737	47,914,916	74,776	(a) 61,487,139
27. Less expenses unpaid December 31, current year .....		1,990,637	5,228,611		7,219,248
28. Add expenses unpaid December 31, prior year .....		703,096	2,592,173	4,174	3,299,443
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) .....	4,118,710	8,091,196	45,278,478	78,950	57,567,334
<b>DETAILS OF WRITE-INS</b>					
2501. Medical Home Incentives .....			635,357		635,357
2502. Fines and Penalties Expense .....			3,351		3,351
2503. Subscriptions and Publications .....			2,164		2,164
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	479	0	479
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	0	0	641,351	0	641,351

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 237,082	316,879
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
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) 8,979	8,979
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	246,061	325,858
11. Investment expenses		(g) 74,776
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 57,351
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		132,127
17. Net investment income (Line 10 minus Line 16)		193,731
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 3,975 accrual of discount less \$ 169,890 amortization of premium and less \$ 96,804 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	0	0	0	0	0
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	(2,755)	0	(2,755)	0	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans		0	0	0	0
4. Real estate		0	0	0	0
5. Contract loans		0	0	0	0
6. Cash, cash equivalents and short-term investments		0	0	0	0
7. Derivative instruments		0	0	0	0
8. Other invested assets		0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(2,755)	0	(2,755)	0	0
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

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**EXHIBIT OF NON-ADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	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) .....		100,000	100,000
6. Contract loans .....			0
7. Derivatives (Schedule DB) .....			0
8. Other invested assets (Schedule BA) .....	105,000		(105,000)
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) .....	105,000	100,000	(5,000)
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 .....	378,361	583,618	205,257
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 .....	748,750	603,412	(145,338)
21. Furniture and equipment, including health care delivery assets .....	412,436	484,724	72,288
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0
23. Receivable from parent, subsidiaries and affiliates .....			0
24. Health care and other amounts receivable .....	4,396,179		(4,396,179)
25. Aggregate write-ins for other than invested assets .....	1,497,161	1,195,739	(301,422)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	7,537,887	2,967,493	(4,570,394)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0
28. Total (Lines 26 and 27)	7,537,887	2,967,493	(4,570,394)
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Prepaid Expense .....	1,440,007	1,180,436	(259,571)
2502. Risk Corridor Rec .....	40,018	0	(40,018)
2503. Security Deposits .....	17,136	16,355	(781)
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	(1,052)	(1,052)
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	1,497,161	1,195,739	(301,422)

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

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....						
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....	39,742	68,357	70,454	70,933	74,981	824,005
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business .....	0	0	0	0	0	0
7. Total	39,742	68,357	70,454	70,933	74,981	824,005
<b>DETAILS OF WRITE-INS</b>						
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 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

## NOTES TO FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies****A. Accounting Practices**

The accompanying financial statements of Maine Community Health Options (the “Company”) have been prepared in conformity with the National Association of Insurance Commissioners’ (“NAIC”) Annual Statement Instructions and in accordance with accounting practices prescribed by the NAIC Accounting Practices and Procedures Manual (“NAIC SAP”), subject to any deviations prescribed or permitted by the Maine Bureau of Insurance (the “Bureau”).

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the Bureau is shown below:

		State of Domicile	December 31, 2015	December 31, 2014
<b>NET INCOME</b>				
(1)	Company state basis (Page 4, Line 32, Columns 2 & 4)	Maine	(74,016,344)	7,336,183
(2)	State Prescribed Practices that increase/(decrease) NAIC SAP			
(3)	State Permitted Practices that increase/(decrease) NAIC SAP			
(4)	NAIC SAP (1-2-3=4)	Maine	(74,016,344)	7,336,183
<b>SURPLUS</b>				
(5)	State basis (Page 3, Line 33, Columns 3 & 4)	Maine	49,783,794	27,377,122
(6)	State Prescribed Practices that increase/(decrease) NAIC SAP			
(7)	State Permitted Practices that increase/(decrease) NAIC SAP			
(8)	NAIC SAP (5-6-7=8)	Maine	49,783,794	27,377,122

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

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

**C. Accounting Policy**

Health premiums are earned over the term of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written and are computed by pro rata methods for direct business. Premiums paid by subscribers prior to the effective date are recorded on the balance sheet as premiums received in advance and are subsequently credited to income as earned during the coverage period. Premium rates are subject to approval by the Bureau. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. All other costs are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

- 1) Short-term investments include investments with maturities of less than one year at the date of acquisition and are reported at amortized cost, which approximates fair value.
- 2) Investment grade bonds not backed by other loans are stated at amortized cost, with amortization calculated based on the scientific interest method, using yield to maturity.
- 3) The Company has no investments in common stocks.
- 4) The Company has no investments in preferred stocks.
- 5) The Company has no mortgage loans on real estate.
- 6) The Company has no investments in loan-backed securities.
- 7) The Company has no investments in subsidiaries, controlled and affiliated entities.
- 8) The Company has no investments in joint ventures, partnerships or limited liability companies.

**NOTES TO FINANCIAL STATEMENTS**

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- 9) The Company has no derivative instruments.
- 10) The Company does not anticipate investment income as a factor in premium deficiency calculations.
- 11) Unpaid claims and claims adjustment expenses included management's best estimate of amounts based on historical claim development patterns and certain individual case estimates. The established liability considered health benefit provisions, business practices, economic conditions and other factors that may materially affect the cost, frequency and severity of claims. Liabilities for unpaid claims and claim adjustment expenses are based on assumptions and estimates. While management believes such estimates are reasonable, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continuously reviewed and changes in estimates are incorporated into current period estimates.
- 12) Furniture, equipment and software are capitalized at cost for items greater than \$2000. Depreciation is recorded using the straight-line method over the various assets' estimated useful lives, which range from 2 to 5 years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized, while maintenance and repairs are charged to expense as incurred.
- 13) Pharmaceutical rebate receivables are recorded when earned based on actual rebate receivables billed and an estimate of receivables based on current utilization of specific pharmaceuticals and provider contract terms.

**2. Accounting Changes and Corrections of Errors**

**A. Accounting Changes**

There were no accounting changes during the years ended December 31, 2015 and 2014.

**B. Corrections of Errors**

There were no corrections of errors during the year ended December 31, 2015 and 2014.

**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.

**4. Discontinued Operations**

The Company had no operations that were discontinued during 2015 and 2014.

**5. Investments**

**A. Mortgage Loans, Including Mezzanine Real Estate Loans**

The Company did not have investments in mortgage loans at December 31, 2015 or 2014.

**B. Debt Restructuring**

The Company did not have invested assets that were restructured debt at December 31, 2015 or 2014.

**NOTES TO FINANCIAL STATEMENTS**

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**C. Reverse Mortgages**

The Company did not have investments in reverse mortgages at December 31, 2015 or 2014.

**D. Loan-Backed Securities**

- (1) Prepayment assumptions for mortgage/loan-backed and structured securities were obtained from broker-dealer survey values or internal estimates.
- (2) The company did not recognize other-than-temporary impairments on its loan-backed securities during the year ended December 31, 2015.
- (3) The Company did not hold other-than-temporarily impaired loan-backed securities at December 31, 2015.
- (4) The Company had no impaired securities for which other-than-temporary impairment had not been recognized in earnings as a realized loss at December 31, 2015.
- (5) The Company had no impaired loan-backed securities at December 31, 2015.

**E. Repurchase Agreements and/or Securities Lending Transactions**

- (1) The Company did not have any repurchase agreements at December 31, 2015 and 2014.
- (2) Not applicable.
- (3) Neither the Company nor its agent has accepted collateral that is permitted by contract or custom to sell or re-pledge as of December 31, 2015 and 2014.
- (4) Not applicable.
- (5) There were no collateral reinvestment at December 31, 2015 and 2014.
- (6) Not applicable.
- (7) Not applicable.

**F. Real Estate**

The Company did not have investments in real estate at December 31, 2015 and 2014.

**G. Investments in Low-Income Housing Tax Credits**

The Company did not invest in properties generating low-income housing tax credits during 2015 or 2014.

**H. Restricted Assets**

1. Restricted Assets (Including Pledged)

The Company is required to maintain a collateral security deposit with UBS, a custodian for the State of Maine. Assets in such security deposits are required to be maintained in a fair value amount equal to \$100,000. At December 31, 2015 assets having an admitted value of \$110,095 and a fair value of \$110,095 were on deposit with UBS, a custodian for the State of Maine.

## NOTES TO FINANCIAL STATEMENTS

## 1. Restricted Assets (Including Pledged)

Restricted Asset Category	1 Total Gross Restricted from Current Year	2 Total Gross Restricted from Prior Year	3 Increase/ (Decrease) (1 minus 2)	4 Total Current Year Admitted Restricted	5 Percentage Gross Restricted to Total Assets	6 Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown .....			0		0.000	0.000
b. Collateral held under security lending agreements .....			0		0.000	0.000
c. Subject to repurchase agreements .....			0		0.000	0.000
d. Subject to reverse repurchase agreements .....			0		0.000	0.000
e. Subject to dollar repurchase agreements .....			0		0.000	0.000
f. Subject to dollar reverse repurchase agreements .....			0		0.000	0.000
g. Placed under option contracts .....			0		0.000	0.000
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock .....			0		0.000	0.000
i. FHLB capital stock .....			0		0.000	0.000
j. On deposit with states .....	110,095	110,083	12	110,095	0.001	0.001
k. On deposit with other regulatory bodies .....			0		0.000	0.000
l. Pledged collateral to FHLB (including assets backing funding agreements) .....			0		0.000	0.000
m. Pledged as collateral not captured in other categories .....			0		0.000	0.000
n. Other restricted assets .....			0		0.000	0.000
o. Total Restricted Assets .....	110,095	110,083	12	110,095	0.001	0.001

## 2. Detail of Assets Pledged as Collateral Not Captured in Other Categories

Not Applicable.

## 3. Detail of Other Restricted Assets

Not Applicable.

**I. Working Capital Finance Investments**

The Company did not have any working capital finance investments at December 31, 2015 and 2014.

**J. Offsetting and Netting of Assets and Liabilities**

The company did not have any offsetting and netting of financial assets or liabilities at December 31, 2015 and 2014.

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**NOTES TO FINANCIAL STATEMENTS**


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**K. Structured Notes**

The company did not have any structured notes at December 31, 2015 and 2014.

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

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets at December 31, 2015 or 2014.
- B. The Company did not recognize any impairment write down on investments in Joint Ventures, Partnerships and Limited Liability Companies during 2015 or 2014.

**7. Investment Income**

- A. All investment income due and accrued with amounts that are over 90 days past due is non-admitted.
- B. There was no non-admitted accrued investment income at December 31, 2015 or 2014.

**8. Derivative Instruments**

The Company had no derivative instruments at December 31, 2015 or 2014.

**9. Income Taxes**

The Company is exempt from Federal income taxes under Section 501(c)(29) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Company's federal income tax return is not consolidated with any other entity.

**10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

- A. Nature of the Relationship: Not Applicable.
- B. Significant Transactions for Each Period: Not Applicable.
- C. Intercompany Management and Service Arrangements: Not Applicable.
- D. Amounts Due from or to Related Parties: Not Applicable.
- E. Guarantees or Contingencies for Related Parties: Not Applicable.
- F. Management and Service Agreements and Cost Sharing Arrangements: Not Applicable.
- G. Nature of Control Relationships that Could Affect Operations or Financial Position: Not Applicable.
- H. Amount Deducted for Investment to Upstream Company: Not Applicable.
- I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets: Not Applicable.
- J. Write-down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies: Not Applicable.
- K. Investment in a Foreign Insurance Subsidiary: Not Applicable.
- L. Investments in Downstream Non-Insurance Holding Companies: Not Applicable.

**11. Debt****A. Debt, including Capital Notes**

At December 31, 2014, the Company had outstanding a start-up loan payable, with a face value and a carrying value of \$12,506,124 to the U.S. Department of Health and Human Services. On December 15, 2015 the Company converted the \$12,506,124 loan to a surplus note.

The Company had repaid in its entirety the outstanding principal and accrued interest on one note payable to an unrelated organization in the amount \$232,821.

At December 31, 2015 and 2014 the Company had outstanding a note payable, with a face value and a carry value of \$504,898 and \$558,131 to Mill 2 Storehouse, LLC, for expenses related to

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**NOTES TO FINANCIAL STATEMENTS**


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leasehold improvements. The note payable was issued May 1, 2014 (the commencement date) and is payable in monthly principal and interest payments of \$7,106 until April 2023. The note is contingent upon the Company remaining in the leased space. If the Company does not renew the lease after the initial five year term, the note will become due 60 days after cancellation. The note carries interest at 6%. During 2015 and 2014, the Company paid interest of \$32,040 and \$35,132 on this note. This note is off-set against leasehold improvements in line 21 of the Asset Schedule.

At December 31, 2015 and 2014 the Company had outstanding a note payable, with a face value and a carry value of \$380,126 and \$420,204 to Mill 2 Storehouse, LLC, for expenses related to leasehold improvements. The note payable was issued October 1, 2014 (the commencement date) and is payable in monthly principal and interest payments of \$5,350 until April 2023. The note is contingent upon the Company remaining in the leased space. If the Company does not renew the lease after the initial five (5) year term, the note will become due 60 days after cancellation. The note carries interest at 6%. During 2015 and 2014, the Company paid interest of \$24,122 and \$6,400 on this note. This note is off-set against leasehold improvements in line 21 of the Asset Schedule.

Debt maturities subsequent to December 31, 2015 consist of:

2016	\$ 99,067
2017	\$ 105,177
2018	\$ 106,237
2019	\$ 67,633
2020 or after	<u>\$ 257,043</u>
Total	\$ 635,157

The Company does not have any reverse repurchase agreements at December 31, 2015 or 2014.

**B. FHLB (Federal Home Loan Bank) Agreements**

The Company had no FHLB Agreements outstanding at December 31, 2015 or 2014.

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

**A. Defined Benefit Plan**

Not Applicable.

**B. Defined Benefit Plan Investment Policies and Strategies**

Not Applicable.

**C. Defined Benefit Plan Fair Value of Assets**

Not Applicable.

**D. Defined Benefit Plan Basis Used to Determine the Overall Expected Rate of Return on Assets Assumption**

Not Applicable.

**E. Defined Contribution Plan:**

The Company maintains a Section 401(k) Retirement Plan for its employees. For the year ended December 31, 2015 and 2014, elective employee deferrals were matched by the Company in an

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**NOTES TO FINANCIAL STATEMENTS**


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amount equal to 100% of such deferrals up to a maximum match of 3% of compensation plus 50% of such elective deferrals equal to more than 3% but not exceeding 5% of compensation. The Company's contribution to the plan was \$249,152 and \$159,338 at December 31, 2015 and 2014.

The Company opened a Section 457 (b) Plan for its employees on December 31, 2015. This Plan limits participation to a select group of management or highly compensated employees (or "top hat" group) and is exempt from most ERISA requirements. For the year ended December 31, 2015, the Company made deposits into the main fund for this plan in the amount of \$105,000. These funds have not been appropriated to any specific employee as of December 31, 2015.

**F. Multiemployer Plans**

Not Applicable.

**G. Consolidating/Holding Company Plans**

Not Applicable.

**H. Postemployment Benefits and Compensated Absences**

Liabilities for earned not yet taken vacation benefits have been accrued as of December 31, 2015 and 2014.

**I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)**

Not Applicable.

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

- 1) Outstanding Shares: Not Applicable.
- 2) Preferred Stock: Not Applicable.
- 3) Dividend Restrictions: Not Applicable.
- 4) Dividends Paid: Not Applicable.
- 5) Maximum Ordinary Dividend During 2015: Not Applicable.
- 6) Unassigned Surplus Restrictions

There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

- 7) Mutual Surplus Advances: Not Applicable.
- 8) Company Stock Held for Special Purpose: Not Applicable.
- 9) Changes in Special Surplus Funds: Not Applicable.
- 10) Changes in Unassigned Funds: Not Applicable.
- 11) The Company issued the following surplus debentures or similar obligations

1	2	3	4	5	6	7	8
Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note*	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal	Date of Maturity
03/23/2012	0.370	132,316,124	132,316,124	0	0	285,287	2/24/2028
Total		132,316,124	132,316,124	0	0	285,287	

At December 31, 2015 and 2014, the Surplus Note had a carrying value of \$132,316,124 and \$31,322,714. Included in the 2015 balance is \$12,506,124 converted December 15<sup>th</sup> 2015 from a start-up loan to a surplus note. Under the terms of the Surplus Note, each individual draw is repayable fifteen (15) years from the date of the draw. Accrued interest payments are due annually beginning in 2019 for draws made prior to 2018. The Surplus Note carries interest at 0.37%.

**NOTES TO FINANCIAL STATEMENTS**

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The Surplus Note has the following repayment conditions and restrictions: Each payment of interest on and principal of the Surplus Note may be made only with the prior approval of the Commissioner of Insurance of the State of Maine and only to the extent the Company has sufficient surplus earning to make such payment. During 2015 and 2014, the Company made no interest or principal payments and, because interest payments have not been approved by the Commissioner of Insurance, accrued interest on the Surplus Note is excluded from these financial statements.

The Surplus Note has the following subordination terms: Because the intent of the Note is to provide financing that meets the definition of "risk based capital" for State Insurance Laws purposes, the Note will have a claim on cash flow and reserves of the Company that is subordinate to (a) claims payments, (b) basic operating expenses, and (c) maintenance of required reserve funds while the Company is operating as a CO-OP under State Insurance Laws.

12) Restatement Due to Prior Quasi-Reorganizations – no change.

13) Quasi-Reorganizations over Prior 10 Years – no change.

**14. Contingencies****A. Contingent Commitments**

The Company has no contingent commitments at December 31, 2015.

**B. Assessments**

The Company has identified no assessments that could have a material financial effect on these statements.

**C. Gain Contingencies**

The Company has no gain contingencies at December 31, 2015.

**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.

**15. Leases****A. Lessee Operating Leases**

- 1) The Company leases office space and certain furniture and equipment under various non-cancelable operating leases. Related lease expense for 2015 and 2014 was \$465,858 and \$311,239.

Certain rental commitments have renewal options extending until May 2018 and include incremental increases in the per-foot cost each year. Certain rental commitments include favorable purchase options at the end of the lease term.

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**NOTES TO FINANCIAL STATEMENTS**


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2)

At January 1, 2016, the aggregate rental commitments are as follows:

1. 2016	\$ 448,181
2. 2017	\$ 373,932
3. 2018	\$ 214,454
4. 2019	\$ 92,163
5. 2020	\$ 0
6. Total	\$ 1,128,730

3) The Company is not involved in any sales-leaseback transactions.

**B. Lessor Leases**

- 1) The Company has not entered into any operating leases.
- 2) The Company has not entered into any leveraged leases.

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

The Company had no financial instruments with off-balance sheet risk at December 31, 2015 and 2014.

**17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities****A. Transfers of Receivables Reported as Sales**

Not applicable at December 31, 2015 and 2014.

**B. Transfer and Servicing of Financial Assets**

- (1) Not applicable at December 31, 2015 and 2014.
- (2) - (7) Not Applicable.

**C. Wash Sales**

- (1) The Company did not have any wash sales for the years ending December 31, 2015 and 2014.
- (2) Not applicable.

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

- A. Administrative Services Only Plans:** Not Applicable.
- B. Administrative Services Contract Plans:** Not Applicable.
- C. Medicare or Similarly Structured Cost-Based Reimbursement Contract:** Not Applicable.

## NOTES TO FINANCIAL STATEMENTS

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

Name and Address of Managing General Agent or Third Party Administrator	FEIN NUMBER	Exclusive Contract	Types of Business Written	Type of Authority Granted	Total Direct Premiums Written/Produced By
Swiss RE Life & Health America, Inc 7030 Pointe Inverness Way, St 350 Fort Wayne, IN 46804	06-0839706	YES	Reinsurance Recoveries	R	(6,820,055)
Total					(6,820,055)

R - Reinsurance Ceding

**20. Fair Value Measurements****A Fair Value Measurements at Reporting Date**

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Money Market Funds	59,761,266			59,761,266
Industrial and Miscellaneous Bonds		41,307,062		41,307,062
Total assets at fair value	59,761,266	41,307,062	0	101,068,328

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
b. Liabilities at fair value				
Surplus Note Payable to U.S. Government			132,316,124	132,316,124
Total liabilities at fair value	0	0	132,316,124	132,316,124

All valuations noted above employ a market approach. Level 1 valuations are based on readily determinable fair values based on quoted prices in active markets for the corresponding instruments. Level 2 valuations are inputs other than Level 1 that are based on observable market data. These include: quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, inputs that are observable that are not prices (such as interest rates and credit risks) and inputs that are derived from or corroborated by observable markets. Level 3 valuations are based on the assumption that carrying value for the respective instruments approximates the exit price which would be required in order for the Company's position in these instruments to be relieved; this assumption is deemed reasonable given the short period of time that has passed to-date since the various instruments were first issued.

- B. See Item A.
- C. Not Applicable.
- D. Not Applicable.

**21. Other Items**

- A. **Extraordinary Items:** Not Applicable.
- B. **Troubled Debt Restructuring: Debtors:** Not Applicable.
- C. **Other Disclosures:** Not Applicable.
- D. **Business Interruption Insurance Recoveries:** Not Applicable.
- E. **State Transferable and Non-transferable Tax Credits:** Not Applicable.
- F. **Subprime Mortgage-Related Risk Exposure:** Not Applicable.
- G. **Retained Assets:** Not Applicable.

**NOTES TO FINANCIAL STATEMENTS**

**22. Events Subsequent**

On January 1, 2016, the Company will be subject to an annual fee under Section 9010 of the federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity’s net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2015, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2016 to be \$2,907,530. This amount is reflected in special surplus. This assessment is expected to impact risk based capital (RBC) by 20%. Reporting the ACA assessment as of December 31, 2015, would not have triggered an RBC action level.

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

	Current Year	Prior Year
B. ACA fee assessment payable for the upcoming year	\$ 2,907,530	\$ 1,351,241
C. ACA fee assessment paid	\$ 1,294,537	\$ 0
D. Premium written subject to ACA 9010 assessment	\$ 341,237,477	\$ 172,752,545
E. Total Adjusted Capital before surplus adjustment	\$ 49,783,794	
F. Total Adjusted Capital after surplus adjustment	\$ 46,876,264	
G. Authorized Control Level	\$ 14,520,918	
H. Would reporting the ACA assessment as of December 31, 2015, have triggered an RBC action level (YES/NO)? No		

Subsequent events have been considered through February 26, 2016 for the statutory statements issued on February 29, 2016.

On February 17<sup>th</sup>, 2016 CMS placed the Company under a Corrective Action Plan and Enhanced Oversight Plan pursuant to the Company’s loan agreement with CMS.

**23. Reinsurance**

**A. Ceded Reinsurance Report.**

Section 1 – General Interrogatories

- 1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly by the Company or by any representative, officer, trustee or director of the Company?  
 Yes ( )                      No ( X )
  
- 2) Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, beneficiary, a creditor or any other person not primarily engaged in the insurance business?  
 Yes ( )                      No ( X )

**NOTES TO FINANCIAL STATEMENTS**

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Section 2 – Ceded Reinsurance Report – Part A

- 1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?  
Yes (  )                      No (  )
  
- 2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsurance policies?  
Yes (  )                      No (  )

Section 3 – Ceded Reinsurance Report – Part B

- 1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.  
Not applicable
  
- 2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?  
Yes (  )                      No (  )

**B. Uncollectible Reinsurance**

The Company has no uncollectible reinsurance as of December 31, 2015 and 2014.

**C. Commutation of Ceded Reinsurance**

The Company has not commuted ceded reinsurance during the years ended December 31, 2015 and 2014.

**D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation**

Not applicable at December 31, 2015 and 2014.

**24. Retrospectively Rated Contracts and Contracts Subject to Redetermination**

- A. Not applicable at December 31, 2015 and 2014.
- B. Not applicable at December 31, 2015 and 2014.
- C. Not applicable at December 31, 2015 and 2014.
- D. The Company had no medical loss rebate accruals at December 31 2015.

## NOTES TO FINANCIAL STATEMENTS

**E. Risk Sharing Provisions of the Affordable Care Act**

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

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

	AMOUNT
a. Permanent ACA Risk Adjustment Program	
Assets	
1. Premium adjustments receivable due to ACA Risk Adjustment	0
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	66,562
3. Premium adjustments payable due to ACA Risk Adjustment	0
Operations (Revenue & Expense)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	0
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	66,562
b. Transitional ACA Reinsurance Program	
Assets	
1. Amounts recoverable for claims paid due to ACA Reinsurance	34,148,024
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	9,000,000
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	0
Liabilities	
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium .	0
5. Ceded reinsurance premiums payable due to ACA Reinsurance	2,806,892
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	0
Operations (Revenue & Expense)	
7. Ceded reinsurance premiums due to ACA Reinsurance	2,806,892
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	43,148,024
9. ACA Reinsurance contributions – not reported as ceded premium	0
c. Temporary ACA Risk Corridors Program	
Assets	
1. Accrued retrospective premium due to ACA Risk Corridors	0
Liabilities	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	0
Operations (Revenue & Expense)	
3. Effect of ACA Risk Corridors on net premium income (paid/received)	0
4. Effect of ACA Risk Corridors on change in reserves for rate credits	0

NOTES TO FINANCIAL STATEMENTS

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

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date		
	1	2	3	4	Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)	
					5	6	7	8			
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable .....	0	0	103,908	0	(103,908)	0	115,444		A	11,536	0
2. Premium adjustments (payable) .....	0	0	0	944,442	0	(944,442)	944,442		B	0	0
3. Subtotal ACA Permanent Risk Adjustment Program .....	0	0	103,908	944,442	(103,908)	(944,442)	115,444	944,442		11,536	0
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid .....	21,215,536	0	25,458,643	0	(4,243,107)	0	4,243,107		C	0	0
2. Amounts recoverable for claims unpaid (contra liability) .....	8,249,679	0	9,989,667	0	(1,739,988)	0	1,739,988		D	0	0
3. Amounts receivable relating to uninsured plans .....	0	0	0	0	0	0	0		E	0	0
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium .....	0	0	0	0	0	0	0		F	0	0
5. Ceded reinsurance premiums payable .....	0	1,652,280	0	1,652,280	0	0	0		G	0	0
6. Liability for amounts held under uninsured plans ..	0	0	0	0	0	0	0		H	0	0
7. Subtotal ACA Transitional Reinsurance Program ....	29,465,215	1,652,280	35,448,310	1,652,280	(5,983,095)	0	5,983,095	0		0	0
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium .....	0	0	26,180	0	(26,180)	0	54,663		I	28,483	0
2. Reserve for rate credits or policy experience rating refunds .....	0	502,580	0	2,045,819	0	(1,543,239)	1,543,239		J	0	0
3. Subtotal ACA Risk Corridors Program .....	0	502,580	26,180	2,045,819	(26,180)	(1,543,239)	54,663	1,543,239		28,483	0
d. Total for ACA Risk Sharing Provisions	29,465,215	2,154,860	35,578,398	4,642,541	(6,113,183)	(2,487,681)	6,153,202	2,487,681		40,019	0

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2015 were \$58,694,585. As of December 31, 2015, \$19,120,491 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$341,314 as a result of re-estimation of unpaid claims and claim adjustments expenses principally on the comprehensive line of business. Therefore there has been a \$6,859,702 favorable prior year development since December 31, 2014 to December 31, 2015. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

Not applicable at December 31, 2015 and 2014.

27. Structured Settlements

Not applicable at December 31, 2015 and 2014.

## NOTES TO FINANCIAL STATEMENTS

**28. Health Care Receivables****A. Pharmaceutical Rebate Receivables**

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2015	\$ 3,431,160	\$ 2,853,746			
09/30/2015	\$ 4,451,388	\$ 2,544,122			
06/30/2015	\$ 1,394,514	\$ 2,185,589	\$ 22,212		
03/31/2015		\$ 1,225,933	\$ 416,377	\$ 769,991	
12/31/2014	\$ 1,069,481	\$ 1,002,493	\$ 432,530	\$ 403,903	\$ 1,939
09/30/2014	\$ 153,244	\$ 853,833	\$ 419,753	\$ 220,655	
06/30/2014	\$ 273,101	\$ 484,274	\$ 233,060	\$ 229,274	\$ 42,246
03/31/2014		\$ 246,884	\$ 97,508	\$ 126,178	\$ 12,990

**B. Risk Sharing Receivables**

Not applicable at December 31, 2015 and 2014.

**29. Participating Policies**

Not Applicable at December 31, 2015 and 2014.

**30. Premium Deficiency Reserves**

At December 31, 2015 the company recorded premium deficiency reserves of \$ 43,072,541 related to the individual and group line of business. At December 31, 2014, the company did not record a premium deficiency calculation.

1. Liability carried for premium deficiency reserves	\$ 43,072,541
2. Date of the most recent evaluation of this liability	12/31/2015
3. Was anticipated investment income utilized in the calculation?	Yes No X

**31. Anticipated Salvage and Subrogation**

The Company took into account estimated anticipated subrogation recoveries in its determination of the liability for unpaid claims and reduced such liability by \$0 and \$15,000 for the year ended December 31, 2015 and 2014.

# 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 [ X ]  
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 [ X ]
- 1.3 State Regulating? .....
- 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 [ X ] No [ ]
- 2.2 If yes, date of change: ..... 11/24/2015
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....
- 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. ....
- 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). ....
- 3.4 By what department or departments? .....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] N/A [ X ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ ] No [ ] N/A [ X ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.11 sales of new business? ..... Yes [ ] No [ X ]  
4.12 renewals? ..... Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.21 sales of new business? ..... Yes [ ] No [ X ]  
4.22 renewals? ..... Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the 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<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---------------------|------------------------|------------------------|
|                     |                        |                        |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [ X ]
- 6.2 If yes, give full information: .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [ ] No [ X ]
- 7.2 If yes,  
7.21 State the percentage of foreign control; ..... %  
7.22 State the nationality(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 or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

## GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [ X ]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
KPMG  
One Financial Plaza  
755 Main Street  
Hartford, CT 06103
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:  
.....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:  
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? ..... Yes [ X ] No [ ] N/A [ ]
- 10.6 If the response to 10.5 is no or n/a, please explain  
.....
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?  
William J. Thompson FSA, MAAA Milliman 80 Lamberton Road Windsor, CT 06095 Actuary/Consultant .....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 12.11 Name of real estate holding company .....
- 12.12 Number of parcels involved .....
- 12.13 Total book/adjusted carrying value ..... \$ .....
- 12.2 If, yes provide explanation:  
.....
- 13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ X ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ X ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] N/A [ X ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is No, please explain:  
.....
- 14.2 Has the code of ethics for senior managers been amended? ..... Yes [ ] No [ X ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).  
.....

## GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? ..... Yes [ ] No [ X ]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

### BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes [ ] No [ X ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? ..... Yes [ X ] No [ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? ..... Yes [ X ] No [ ]

### FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? ..... Yes [ ] No [ X ]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- |   |          |   |
|---|----------|---|
| 20.11 To directors or other officers.....               | \$ ..... | 0 |
| 20.12 To stockholders not officers.....                 | \$ ..... | 0 |
| 20.13 Trustees, supreme or grand (Fraternal Only) ..... | \$ ..... | 0 |
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- |   |          |   |
|---|----------|---|
| 20.21 To directors or other officers.....               | \$ ..... | 0 |
| 20.22 To stockholders not officers.....                 | \$ ..... | 0 |
| 20.23 Trustees, supreme or grand (Fraternal Only) ..... | \$ ..... | 0 |
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? ..... Yes [ ] No [ X ]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- |                                 |          |  |
|---------------------------------|----------|--|
| 21.21 Rented from others.....   | \$ ..... |  |
| 21.22 Borrowed from others..... | \$ ..... |  |
| 21.23 Leased from others .....  | \$ ..... |  |
| 21.24 Other .....               | \$ ..... |  |
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [ X ]
- 22.2 If answer is yes:
- |   |          |  |
|---|----------|--|
| 22.21 Amount paid as losses or risk adjustment \$ ..... |          |  |
| 22.22 Amount paid as expenses .....                     | \$ ..... |  |
| 22.23 Other amounts paid .....                          | \$ ..... |  |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ ] No [ X ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....

### INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)..... Yes [ X ] No [ ]
- 24.02 If no, give full and complete information relating thereto  
.....
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
.....
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? ..... Yes [ ] No [ ] N/A [ X ]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. .... \$ .....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. .... \$ .....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? ..... Yes [ ] No [ ] N/A [ X ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? ..... Yes [ ] No [ ] N/A [ X ]
- 24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? ..... Yes [ ] No [ ] N/A [ X ]

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options  
GENERAL INTERROGATORIES**

24.10 For the reporting entity's security lending program state the amount of the following as 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 currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03)..... Yes [ X ] No [ ]

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

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

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Key Private Bank .....	4900 Tiedeman Road, Brooklyn, OH 44144-2302 .....
UBS Financial Services .....	One City Center, 7th Floor, Portland, ME 04101 .....

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

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

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

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

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

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
2205 .....	Key Private Bank .....	4900 Tiedeman Road, Brooklyn, OH 44144-2302 .....

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options  
**GENERAL INTERROGATORIES**

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		0

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

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	41,307,062	41,307,062	0
30.2 Preferred stocks .....	0		0
30.3 Totals	41,307,062	41,307,062	0

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

IDC Fixed Income .....

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:  
 .....

**GENERAL INTERROGATORIES**

**OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? .....\$ .....63,380

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
NASHCO .....	20,000
Health Plan Alliance .....	17,500
Maine Health Management Coalition .....	10,000

34.1 Amount of payments for legal expenses, if any? .....\$ .....223,905

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

1 Name	2 Amount Paid
Kozak & Gayer, PA .....	188,182

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ .....57,566

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

1 Name	2 Amount Paid
Government Strategies .....	57,566

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options

**GENERAL INTERROGATORIES**

**PART 2 - HEALTH INTERROGATORIES**

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]  
 1.2 If yes, indicate premium earned on U.S. business only. .... \$ \_\_\_\_\_  
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ \_\_\_\_\_  
 1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above ..... \$ \_\_\_\_\_ 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 Current Year	2 Prior Year
2.1 Premium Numerator .....	331,610,530	167,910,503
2.2 Premium Denominator .....	331,610,530	167,910,503
2.3 Premium Ratio (2.1/2.2) .....	1.000	1.000
2.4 Reserve Numerator .....	99,776,490	27,623,202
2.5 Reserve Denominator .....	99,776,490	27,608,222
2.6 Reserve Ratio (2.4/2.5) .....	1.000	1.001

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? ..... Yes [ ] No [ X ]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? ..... Yes [ X ] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? ..... Yes [ ] No [ ]

5.1 Does the reporting entity have stop-loss reinsurance? ..... Yes [ X ] No [ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions) 5.31 Comprehensive Medical ..... \$ ..... 226,000  
5.32 Medical Only ..... \$ ..... 0  
5.33 Medicare Supplement ..... \$ ..... 0  
5.34 Dental & 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:  
 .....

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 ..... 11,600  
8.2 Number of providers at end of reporting year ..... 15,795

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

9.2 If yes, direct premium earned: 9.21 Business with rate guarantees between 15-36 months.. \$ ..... 0  
9.22 Business with rate guarantees over 36 months ..... \$ ..... 0



ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options

**FIVE-YEAR HISTORICAL DATA**

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>Balance Sheet</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28) .....	167,555,607	77,352,009	18,225,868		
2. Total liabilities (Page 3, Line 24) .....	117,771,813	49,974,889	12,328,749		
3. Statutory minimum capital and surplus requirement .....	29,041,836	14,736,706	100,000		
4. Total capital and surplus (Page 3, Line 33) .....	49,783,794	27,377,122	5,897,119		
<b>Income Statement</b> (Page 4)					
5. Total revenues (Line 8) .....	287,049,413	167,415,848	528,962		
6. Total medical and hospital expenses (Line 18) .....	299,844,370	126,026,864	0		
7. Claims adjustment expenses (Line 20) .....	13,497,447	7,297,951	0		
8. Total administrative expenses (Line 21) .....	47,914,916	26,825,131	7,084,474		
9. Net underwriting gain (loss) (Line 24) .....	(74,207,320)	7,265,902	(6,555,512)		
10. Net investment gain (loss) (Line 27) .....	190,976	70,285	(3,196)		
11. Total other income (Lines 28 plus 29) .....	0	0	0		
12. Net income or (loss) (Line 32) .....	(74,016,344)	7,336,187	(6,558,708)		
<b>Cash Flow</b> (Page 6)					
13. Net cash from operations (Line 11) .....	(10,043,300)	18,355,525	(4,523,890)		
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital .....	49,783,794	27,377,122	5,897,119		
15. Authorized control level risk-based capital .....	14,520,918	7,344,940	27,808		
<b>Enrollment</b> (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7) .....	74,981	39,742			
17. Total members months (Column 6, Line 7) .....	824,005	390,357			
<b>Operating Percentage</b> (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 (Lines 18 plus Line 19) .....	104.5	75.3	0.0		
20. Cost containment expenses .....	1.4	1.3	0.0		
21. Other claims adjustment expenses .....	3.3	3.1	0.0		
22. Total underwriting deductions (Line 23) .....	125.9	95.7	0.0		
23. Total underwriting gain (loss) (Line 24) .....	(25.9)	4.3	0.0		
<b>Unpaid Claims Analysis</b> (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	18,750,116	0			
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)] .....	25,609,819	0			
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....			0		
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 Schedule DA Verification, Col. 5, Line 10) .....	0	0	0		
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: .....

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Maine Community Health Options  
**SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS**

**Allocated by States and Territories**

States, etc.	1 Active Status	Direct Business Only								
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts	
1. Alabama	AL	N							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	L	309,104,613						309,104,613	
21. Maryland	MD	N							0	
22. Massachusetts	MA	N							0	
23. Michigan	MI	N							0	
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	L	32,132,864						32,132,864	
31. New Jersey	NJ	N							0	
32. New Mexico	NM	N							0	
33. New York	NY	N							0	
34. North Carolina	NC	N							0	
35. North Dakota	ND	N							0	
36. Ohio	OH	N							0	
37. Oklahoma	OK	N							0	
38. Oregon	OR	N							0	
39. Pennsylvania	PA	N							0	
40. Rhode Island	RI	N							0	
41. South Carolina	SC	N							0	
42. South Dakota	SD	N							0	
43. Tennessee	TN	N							0	
44. Texas	TX	N							0	
45. Utah	UT	N							0	
46. Vermont	VT	N							0	
47. Virginia	VA	N							0	
48. Washington	WA	N							0	
49. West Virginia	WV	N							0	
50. Wisconsin	WI	N							0	
51. Wyoming	WY	N							0	
52. American Samoa	AS	N							0	
53. Guam	GU	N							0	
54. Puerto Rico	PR	N							0	
55. U.S. Virgin Islands	VI	N							0	
56. Northern Mariana Islands	MP	N							0	
57. Canada	CAN	N							0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		341,237,477	0	0	0	0	0	341,237,477	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	
61. Total (Direct Business)	(a) 2		341,237,477	0	0	0	0	0	341,237,477	0
DETAILS OF WRITE-INS										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX		0	0	0	0	0	0	0	0

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

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

100% Accident & Health Premiums - No allocation

(a) Insert the number of L responses except for Canada and Other Alien.

Premium amounts are allocated based on residence if insured

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

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**NONE**

**OVERFLOW PAGE FOR WRITE-INS**

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 25

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
2504. Charitable Contributions .....			479		479
2597. Summary of remaining write-ins for Line 25 from overflow page	0	0	479	0	479

Additional Write-ins for Exhibit of Nonadmitted Assets Line 25

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
2504. Grants Receivable .....	0	(1,052)	(1,052)
2597. Summary of remaining write-ins for Line 25 from overflow page	0	(1,052)	(1,052)

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