

Bureau of Insurance Statement Regarding Maine Community Health Options

March 1, 2017

This is a supplement to the statement issued on February 6, 2017 by the Bureau of Insurance (“BOI”) concerning Community Health Options’ (“CHO”) preliminary 2016 results. The BOI explained that those results were preliminary since the Company was still in the process of finalizing its numbers for the year and they could, therefore, be modified to some extent prior to CHO’s filing of its 2016 Annual Statement on March 1. CHO has now filed its 2016 Annual Statement.

- CHO’s 2016 Annual Statement reports \$1.2 million more capital and surplus than the preliminary results; this was primarily due to better loss experience which permitted lower loss reserves.
- CHO’s net loss for 2016 was \$1.2 million less than the preliminary estimate. In order to assess the reasonableness of CHO’s yearend reserves for unpaid claim liabilities, the BOI engaged two independent actuaries to review those reserves. Both have advised the BOI that the amount reported by CHO for its unpaid claim obligations as of December 31, 2016 was reasonable.
- The slightly higher capital and surplus improved CHO’s 2016 Risk Based Capital ratio by approximately 3%.

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The BOI is currently reviewing CHO’s 2017 Plan and will continue to closely monitor the Company’s performance and post monthly statements about its results.