

SUPERIOR COURT FOR THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA
Department of Insurance, Securities
and Banking,

Petitioner,

v.

D.C. CHARTERED HEALTH PLAN, INC.,

Respondent.

Civil Action No.: 2012 CA 008227 2
Judge: Melvin R. Wright
Calendar No.: 15
Next Scheduled Event: Status Hearing
April 1, 2014, at 9:30 a.m.

PRAECIPE

**NOTICE OF FILING OF SPECIAL DEPUTY TO THE
REHABILITATOR'S ELEVENTH STATUS REPORT**

D.C. Chartered Health Plan, Inc., acting through its Rehabilitator and his attorneys, files
the attached Special Deputy to the Rehabilitator's Eleventh Status Report.

Dated: March 27, 2014

Respectfully submitted,

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Attorneys for the Rehabilitator and the
Special Deputy to the Rehabilitator for
D.C. Chartered Health Plan, Inc.

Certificate of Service

I hereby certify that on March 27, 2014, a copy of the foregoing *Notice of Filing of Special Deputy to the Rehabilitator's Eleventh Status Report*, with exhibits, was filed and served by email upon:

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SPECIAL DEPUTY TO THE REHABILITATOR’S ELEVENTH STATUS REPORT

Daniel L. Watkins, as Special Deputy to the Rehabilitator of D.C. Chartered Health Plan, Inc. in Rehabilitation (“Chartered”), files this *Eleventh Status Report*.

1. **Update From Tenth Status Report.** On January 24, 2014, the Special Deputy filed his Tenth Status Report with the Court. The following information provides an update to the Tenth Status Report.

(a) **Pending Legal Matters.**

- i. The Court previously granted the Rehabilitator’s request, made in the Eighth Status Report, that an order be entered permitting the District of Columbia Department of Health Care Finance (“DHCF”) to deposit certain funds into the Court Registry for the benefit of Chartered’s providers to facilitate equitable *pro rata* distribution of Part II settlement payments pursuant to the Court-approved Plan of Reorganization. As outlined in paragraph 2(b) below, the Rehabilitator is now ready to move forward with DHCF to begin the Court Registry process, having quantified the remaining amounts owed providers not yet paid a pro rata

(52.42%) Part II share of approved claim amounts through the now-completed grant program.

- ii. Chartered's consolidated brief opposing all three of DCHSI's appeals was filed in the D.C. Court of Appeals on March 7, 2014. DCHSI's consolidated reply brief in support of its appeals (which concern the approval of the Asset Purchase Agreement, the denial of a stay of the Asset Purchase Agreement, and approval of the DHCF settlement) currently is due on or about April 2, 2014.

(b) Parent Company and Related Party Issues.

- i. The parties in *D.C. Chartered Health Plan, Inc. v. Jeffrey E. Thompson and D.C. Healthcare Systems, Inc.*, Civil Action No. 2013 CA 003752 B (D.C. Super. Ct.) continue to await rulings on Chartered's motion for partial summary judgment and on the defendants' motion to dismiss three counts in the Rehabilitator's complaint in that action.
- ii. As reported in the Tenth Status Report, the Rehabilitator is working with tax professionals and continuing the process of seeking information necessary to determine whether Chartered has any outstanding federal income tax obligations. As a general matter, DCHSI is required to file a consolidated federal income tax return with the Internal Revenue Service on behalf of the consolidated group, which includes Chartered. No additional Class 3 payments to providers beyond the 83.87% pro rata share payments will be proposed by the Rehabilitator for the Court's consideration pending the completion of the Rehabilitator's review of Chartered's federal income tax matters.

(c) Financial Matters.

- i. The auditing firm of Brown Smith Wallace completed its audit of Chartered's 2013 financials through April 30, 2013 (when Chartered's Medicaid contract with DHCF ended). A copy of the report is attached as **Exhibit 1**.
- ii. On March 21, 2014, Chartered submitted to the District of Columbia Department of Insurance, Securities and Banking the unaudited 2013 financial statement through December 31, 2013, attached hereto as **Exhibit 2**. Chartered's year-end balance sheet shows assets of \$10 million in cash and liabilities of \$21.1 million which include \$10.8 million of unpaid healthcare provider claims. A net underwriting loss of \$7.6 million was recorded in 2013. The statement reflects the impacts of writing off reserves and allowances accrued in previous years and a \$12.2 million non-operating expense associated with the seizure of investments which served as collateral for a loan between DCHSI and Cardinal Bank. The statement also reflects \$17.7 million of administrative expenses.
- iii. On January 29, 2014, the Rehabilitator made a court-approved premium payment of approximately \$184,000 to secure physician/nurse professional liability tail insurance coverage. The Rehabilitator intends to make a premium payment of approximately \$30,000 to secure an extension (tail) for a different policy with directors and officers ("D&O"), fiduciary and employment practices liability ("EPL") insurance coverages. The proposed payment is included in the Ninth Submission of Fees and Expenses referred to in paragraph 3(b) below. The Special Deputy continues to discuss with Chartered's insurers available coverage for a pending claim and address various other insurance-related issues as they arise.

2. **Carrying Out the Plan of Reorganization and Payment of Chartered's Liabilities.**

(a) Proofs of Claim Process.

- i. The 64 proofs of claim now total approximately \$14 million, with a few unquantified claims including one for indemnification from Jeff Thompson. The Rehabilitator will resolve both the amount and the priority class of those proofs of claim according to the process detailed below in paragraph 2(a)(ii).
- ii. The Special Deputy has been reviewing each proof of claim, both as to amount and priority class. As that review is completed, the Special Deputy will send to each claimant a Notice of Determination, in substantially the form attached hereto as **Exhibit 3**, as modified for each claimant's amount, priority class and reasons for any positions taken by the Special Deputy. That Notice of Determination will identify whether the claim has been approved or denied, in whole or in part, and give the claimant 60 days to file objections with the Special Deputy regarding the Determination. Following generally the provisions of D.C. Official Code § 31-1337 for disputed claims, if a claimant does file objections, and the Special Deputy does not alter his Determination, then the Special Deputy will so notify the Court and ask that the matter be heard by the Court or a court-appointed referee at a time and in a manner convenient for the Court.

(b) Provider Claims and Payments.

- i. As previously reported, Chartered has paid healthcare providers \$18 million for Part I payments under the DHCF Settlement Agreement. DHCF has distributed approximately \$28 million of the \$30 million DHCF Settlement Agreement Part II payments through its grant program. (Together, the Part I and Part II payments for each approved provider claim constitute the 83.87% pro rata share

mentioned herein.) As of March 24, 2014, the status of unpaid providers under DHCF's Part II payment grant program was approximately \$2.1 million:

Provider Group	# of Providers	Amount
Providers with no grant application	467	\$760,000
Providers that submitted incomplete grant applications	109	\$1,050,000
Providers with approved applications but no signed Notice of Grant Award / release forms	20	\$290,000
Total	596	\$2,100,000

The DHCF grant application deadline was October 31, 2013, and no grant awards were approved for payment through DHCF after January 17, 2014.

- ii. Chartered and DHCF have made their Part I and Part II settlement payments to Beacon and DentaQuest, for services of various behavioral health and dental providers. Both have now distributed those payments to their providers.
 - iii. Chartered has also paid with estate assets 83.87% of the 1.) \$8.4 million settlement with MedStar; and, 2.) approximately \$1.1 million in claim appeals approved through December 2013.
- (c) **Next Steps.** As previously reported, the Rehabilitator and the DHCF discussed the most expeditious way to get all providers paid (both grant applicants who did not complete the process and non-applicants) for their pro rata share of the Part II settlement, and agreed on use of the Court Registry as approved by the Court on October 17, 2013 and as described in the Ninth and Tenth Status Reports. DHCF and the Colbent Corporation (which has been coordinating and documenting the settlement payment process) are now finalizing the exact amount of the \$30 million Part II settlement which remains to be distributed to providers who have not yet received a Part II payment. (As noted above, the difference as of March 24, 2014, is approximately \$2.1 million.) DHCF will transfer the exact unpaid amounts to the Court Registry, and Chartered will make application to

the Court to transfer the funds to Chartered for distribution by Colbent to the providers yet to receive a Part II 52.42% distribution on their claims.

- (d) Chartered has continued to determine claim appeals which required submission and review of clinical records. A petition for approval of payment of claim appeals approved by the Special Deputy in the amount of \$132,757 is being submitted to the Court along with the Ninth Submission of Fees and Expenses referred to in paragraph 3(b) below.

3. **Rehabilitation Expenses.**

- (a) The Court has approved all of the Rehabilitator's petitions for approval of Submissions of Fees and Expenses, through the Eighth Submission.

- (b) On March 26, 2014, Chartered filed a Notice of Filing by the Special Deputy to the Rehabilitator of the Ninth Submission of Fee and Expense Statements for *In Camera* Review and Petition for Approval of Payment. The Submission includes a request for approval of a premium payment for D&O, fiduciary and EPL tail insurance coverage, as described in paragraph 1(c)(iii) above. **Exhibit 4** hereto is a spreadsheet showing the Class 1 fees and expenses in the Ninth Fee Submission.

4. **Chartered Assets.** Chartered currently has cash assets of approximately \$9.254 million, with approximately \$183,000 in outstanding Class 1 administrative fees and expenses pending Court approval for payment. Class 1 administrative fees and expenses are declining as anticipated and for the reasons described in the Ninth and Tenth Status Reports.

Respectfully submitted,

/s/ Daniel L. Watkins

DANIEL L. WATKINS

Special Deputy to the Rehabilitator for
D.C. Chartered Health Plan, Inc.

EXHIBIT 1

D.C. CHARTERED HEALTH PLAN, INC.
IN RECEIVERSHIP
(A WHOLLY OWNED SUBSIDIARY OF D.C. HEALTHCARE
SYSTEMS, INC.)

STATUTORY FINANCIAL STATEMENTS

APRIL 30, 2013
(WITH INDEPENDENT AUDITOR'S
REPORT THEREON)

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Independent Auditor's Report

Commissioner as Rehabilitator
D.C. Chartered Health Plan, Inc. in Receivership
Washington, D.C.

Report on the Statutory Financial Statements

We have audited the accompanying statutory financial statements of D.C. Chartered Health Plan, Inc. in Receivership ("Chartered"), a wholly owned subsidiary of D.C. Healthcare Systems, Inc. ("DCHSI" or the "Parent"), which comprise the balance sheets as of April 30, 2013 and December 31, 2012, and the related statutory statements of operations, capital and deficit, and cash flows for the period from January 1, 2013 through April 30, 2013, and the year ended December 31, 2012, and the related notes to the statutory financial statements.

Management's Responsibility for the Statutory Financial Statements

As described more fully in Note 2 to the statutory financial statements, management and the Commissioner as Rehabilitator are responsible for the preparation and fair presentation of these statutory financial statements in accordance with accounting practices prescribed or permitted by the Department of Insurance, Securities and Banking of the District of Columbia (the "DISB"), which practices differ materially from accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these statutory financial statements based on our audits. Except as discussed below, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statutory financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Chartered's preparation and fair presentation of the statutory financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chartered's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statutory financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

We were unable to obtain a discussion or evaluation from all of Chartered's outside legal counsel of pending or threatened litigation described in Note 8(b) to the statutory financial statements. We were, however, able to obtain information from Faegre Baker Daniels LLP which has been identified by the Special Deputy Rehabilitator as having oversight of all litigation and legal matters for Chartered.

As discussed in Note 5 to the statutory financial statements, Chartered recognized a change in accounting principle to account for Chartered's contract with the Department of Health Care Finance for the District of Columbia as a retrospectively rated contract. Management has recorded a retrospective premium receivable of \$32 million as of April 30, 2013 and December 31, 2012, based on their best estimate of collectability. Subsequent to April 30, 2013, Chartered was able to settle this claim for \$48 million. See Note 18 to the statutory financial statements for further information on this settlement.

It is our understanding that DCHSI has not filed consolidated Federal Income Tax returns that include Chartered for any periods subsequent to April 30, 2010, DCHSI's fiscal year end.

We were unable to rely on opening balances as of January 1, 2012, which limits our ability to fully test the activities of Chartered during 2012.

Because of the significance of the matters discussed in the preceding paragraphs, the scope of our work was not sufficient to enable us to express, an unqualified opinion on the financial position, results of operations, changes in capital and surplus and cash flows for the period from January 1, 2013 through April 30, 2013, and the year ended December 31, 2012.

Qualified Opinion

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion section, the statutory financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Chartered as of April 30, 2013 and December 31, 2012, and the results of its operations and its cash flows for the period from January 1, 2013 through April 30, 2013, and the year ended December 31, 2012, in accordance with the basis of accounting described in Note 2 to the statutory financial statements.

Emphasis-of-matter - Receivership Proceedings and Subsequent Events

As discussed in Note 1 and Note 4 to the statutory financial statements, on October 19, 2012, Chartered was placed into Rehabilitation by the Superior Court for the District of Columbia and effective April 30, 2013, substantially all of the entity's operations were sold in an Asset Purchase Agreement.

As further discussed in Note 18 to the statutory financial statements, Chartered has experienced significant events subsequent to April 30, 2013.

The statutory financial statements referred to in the first paragraph do not include any adjustments that might result from the outcome of the receivership process or Type II subsequent events discussed in Note 18.

Basis of Accounting

We draw attention to Note 2 of the statutory financial statements, which describes the basis of accounting. As described in Note 2 to the statutory financial statements, the statutory financial statements are prepared in conformity with the accounting practices prescribed or permitted by the DISB, which is a basis of accounting other than the accounting principles generally accepted in the United States of America, to meet the requirements of the DISB. Our opinion is not modified with respect to this matter.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the statutory financial statements taken as a whole. The accompanying Supplemental Summary Investment Schedule and Investment Risk Interrogatories (collectively referred to as "Supplemental Schedules") of Chartered as of April 30, 2013 are presented for purpose of additional analysis and are not a required part of the statutory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory financial statements as a whole.

Restriction on Use

This report is intended solely for the information and use of the Commissioner as Rehabilitator and management of D.C. Chartered Health Plan, Inc. in Receivership and for filing with the Department of Insurance, Securities and Banking of the District of Columbia and should not be used for any other purpose.

Brown Smith Wallace, LLC

St. Louis, Missouri
January 28, 2014

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

**Statutory Statements of Admitted Assets, Liabilities and
Capital and Deficit**

April 30, 2013

and December 31, 2012

(See Independent Auditor's Report)

	2013	2012
ADMITTED ASSETS		
Cash and Invested Assets		
Bonds, at cost which approximates fair value	\$ 632,001	\$ 13,479,363
Cash, cash equivalents and short-term investments	17,723,544	4,821,623
Total Cash and Invested Assets (See Note 19)	18,355,545	18,300,986
Accrued investment income	157,095	136,849
Uncollected premiums	3,662,571	5,164,863
Accrued retrospective premiums (See Notes 5 and 18)	32,000,000	32,000,000
Reinsurance recoverable	101,739	351,586
TOTAL ADMITTED ASSETS	\$ 54,276,950	\$ 55,954,284
LIABILITIES AND CAPITAL AND DEFICIT		
Current Liabilities		
Claims unpaid (See Note 18)	\$ 67,105,802	\$ 47,889,416
Unpaid claims adjustment expenses	1,275,722	1,275,722
Premium deficiency reserve	-	5,000,000
Other liabilities and accrued expenses	12,232,615	11,546,313
Total Current Liabilities	80,614,139	65,711,451
Capital and Deficit		
Class A common stock - \$0.10 par value, 1,000 shares authorized, issued and outstanding	100	100
Gross paid-in and contributed surplus	4,690,419	4,690,419
Unassigned deficit	(31,027,708)	(14,447,686)
Total Capital and Deficit	(26,337,189)	(9,757,167)
TOTAL LIABILITIES AND CAPITAL AND DEFICIT	\$ 54,276,950	\$ 55,954,284

The accompanying notes are an integral part of these statutory financial statements.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Statements of Operations

For the Period from January 1, 2013 through April 30, 2013

and the Year Ended December 31, 2012

(See Independent Auditor's Report)

	Four Months Ended April 30, 2013	Year Ended 2012
UNDERWRITING INCOME		
Net premium income	\$ 117,530,006	\$ 398,256,303
Total Underwriting Income	117,530,006	398,256,303
UNDERWRITING EXPENSES		
Claims incurred, net of reinsurance	110,677,873	359,550,135
Claims adjustment expenses	9,572,499	13,369,721
General administrative expenses	12,249,453	34,321,277
Total Underwriting Expenses	132,499,825	407,241,133
Net Underwriting Loss	(14,969,819)	(8,984,830)
Premium deficiency expense (See Note 2(h))	5,000,000	(5,000,000)
Net investment income	52,641	268,434
Realized loss on notes receivable	-	(188,599)
Allowance on accrued retrospective premiums	-	(6,000,000)
Related-party loss (See Notes 8(c) and 13)	(12,200,294)	(8,427)
Other income (expenses)	176,996	(250,333)
Proceeds on sale to AmeriHealth D.C. (See Note 1)	5,000,000	-
Loss on disposal of fixed assets	(589,913)	-
Net loss before federal taxes	(17,530,389)	(20,163,755)
Federal income tax expense	-	-
NET LOSS	\$ (17,530,389)	\$ (20,163,755)

The accompanying notes are an integral part of these statutory financial statements.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Statements of Capital and Deficit

For the Period from January 1, 2013 through April 30, 2013

and the Year Ended December 31, 2012

(See Independent Auditor's Report)

	Common Stock	Additional Paid in Surplus	Unassigned Surplus (Deficit)	Total
Balance at December 31, 2011	\$ 100	\$ 4,690,419	\$ 1,258,926	\$ 5,949,445
Net loss	-	-	(20,163,755)	(20,163,755)
Change in nonadmitted assets	-	-	4,457,143	4,457,143
Balance at December 31, 2012	100	4,690,419	(14,447,686)	(9,757,167)
Net loss	-	-	(17,530,389)	(17,530,389)
Change in nonadmitted assets	-	-	950,367	950,367
Balance at April 30, 2013	<u>\$ 100</u>	<u>\$ 4,690,419</u>	<u>\$ (31,027,708)</u>	<u>\$ (26,337,189)</u>

The accompanying notes are an integral part of these statutory financial statements.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Statutory Statements of Cash Flows

For the Period from January 1, 2013 through April 30, 2013

and the Year Ended December 31, 2012

(See Independent Auditor's Report)

	Four Months Ended April 30, 2013	Year Ended 2012
Cash flows from operating activities:		
Premiums collected, net of reinsurance	\$ 114,032,298	\$ 391,422,122
Benefit payments	(91,211,641)	(357,310,956)
General and administrative expenses paid	(11,020,402)	(49,992,662)
Net investment income	32,392	254,270
Net cash provided by (used in) operating activities	11,832,647	(15,627,226)
Cash flows from investing activities:		
Proceeds from investments	1,147,068	5,202,544
Costs of investments acquired	(500,000)	(3,642,667)
Net cash provided by investing activities	647,068	1,559,877
Cash flows from financing activities:		
Other cash provided, net	422,206	1,913,654
Net cash provided by financing activities	422,206	1,913,654
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	12,901,921	(12,153,695)
Cash, cash equivalents and short-term investments January 1, respectively	4,821,623	16,975,318
Cash, cash equivalents and short-term investments April 30 and December 31, respectively	\$ 17,723,544	\$ 4,821,623

The accompanying notes are an integral part of these statutory financial statements.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership (A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Notes to Statutory Financial Statements

April 30, 2013

(See Independent Auditor's Report)

(1) Description of Business

D.C. Chartered Health Plan, Inc. in Receivership ("Chartered") is a Medicaid Health Maintenance Organization ("HMO") and was established on December 31, 1986, under the laws of the District of Columbia ("District"). Chartered is owned by D.C. Healthcare Systems, Inc. ("DCHSI"). DCHSI purchased Chartered out of a bankruptcy trusteeship on May 17, 2000.

Chartered's primary purpose is to provide healthcare within a managed care framework to residents of the District through contracts with the District's Department of Health Care Finance ("DHCF"). Such contracts require Chartered to provide health care services to the residents of the District who qualify under the Medicaid or Alliance programs operated by the District. Alliance enrollees are those residents not eligible for the federally-funded Medicaid program, but whose incomes fall below 200% of the federally-determined poverty level. At the end of 2012, Chartered served approximately 102,000 members enrolled in the Medicaid program and approximately 8,000 members enrolled in the Alliance program. Substantially all of Chartered's revenue for the period from January 1, 2013 through April 30, 2013 and 2012 was earned from its Medicaid and Alliance contracts with the DHCF.

On October 19, 2012, Chartered was placed into court-supervised rehabilitation with the consent of Chartered's Board of Directors and its owner. The Commissioner of the Department of Insurance, Securities and Banking of the District of Columbia ("DISB") was appointed Rehabilitator. Chartered entered into an Asset Purchase Agreement on February 8, 2013, with AmeriHealth District of Columbia, Inc. for the sale of substantially all of Chartered's operating assets and transfer of various contractual agreements. The sale closed on April 30, 2013, and at that time all of Chartered's Medicaid and Alliance enrollees were transferred to AmeriHealth District of Columbia, Inc.

Chartered elected to not bid on the DHCF's request for proposals for new contracts that would have taken effect after April 30, 2013. As a consequence, Chartered ceased participation in the DHCF's Medicaid and Alliance programs on April 30, 2013, effectively ending all revenue producing operations.

(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices

(a) Basis of Presentation

The accompanying statutory financial statements of Chartered have been prepared on the statutory basis of accounting, in accordance with the accounting practices adopted by the National Association of Insurance Commissioners ("NAIC") codification project ("Codification") as prescribed or permitted by the DISB. The Codification was adopted by DISB without significant modification.

**D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)**

Notes to Statutory Financial Statements - Continued

April 30, 2013

(See Independent Auditor's Report)

**(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices
(Continued)**

(a) Basis of Presentation (Continued)

The DISB has determined that certain of Chartered's pledged investments may be classified as admitted assets. They are included in "Bonds, at cost which approximates fair value" for December 31, 2012, in the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit. As of April 30, 2013, Chartered determined that these assets should no longer be included as admitted assets. This determination is the result of the seizure of the pledged assets subsequent to the date of this report. See Note 8(c) for additional information on the disposition of the pledged assets. Chartered has no other material statutory accounting practices that differ from those of the DISB or the Codification.

These statutory financial statements differ materially from financial statements prepared in accordance with principles generally accepted in the United States of America ("GAAP").

The principal differences are:

- a) Under GAAP, the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns is required. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Such adjustments are recorded in unassigned surplus for statutory purposes.
- b) Certain assets such as uncollected premiums and other receivables over 90 days past due, prepaid expenses, provider advances, provider overpayments, pharmacy rebate receivable, leasehold improvements, certain furniture and equipment, computer software, and amounts due from affiliates are designated as non-admitted for statutory accounting purposes if they fail to meet certain tests and are excluded from the Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit by a direct charge to capital and surplus. For GAAP, these amounts are carried as assets, net of a valuation allowance, if necessary.
- c) Intangible assets, including goodwill, are non-admitted and, therefore, are not reflected in Chartered's Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit.

**D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)**

Notes to Statutory Financial Statements - Continued

April 30, 2013

(See Independent Auditor's Report)

**(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices
(Continued)**

(a) Basis of Presentation (Continued)

- d) Cash, cash equivalents and short-term investments in the Statutory Statements of Cash Flows represent cash balances and investments with original maturities of one year or less. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with original maturities of three months or less. Also, the Statutory Statements of Cash Flows do not include classifications consistent with GAAP and a reconciliation of net income to net cash provided by operating activities is not provided.

(b) Bonds

Bonds are comprised of certificates of deposits with original maturities greater than one year. The certificates are held by financial institutions and are carried at cost, which approximates fair value. Bonds totaled \$632,001 and \$13,479,363 as of April 30, 2013 and December 31, 2012, respectively.

(c) Cash, Cash Equivalents and Short-term Investments

Cash, cash equivalents and short-term investments generally are comprised of cash, money market accounts and certificates of deposits with original maturities of twelve months or less at the date of purchase. The certificates are held by financial institutions and are carried at cost, which approximates fair value. Cash, cash equivalents and short-term investments were \$17,723,544 and \$4,821,623 as of April 30, 2013 and December 31, 2012, respectively.

The increase in cash in comparison to the prior year is largely due to the cessation of payments to healthcare providers as of April 19, 2013, as well as the receipt of \$5,000,000 related to the Asset Purchase Agreement with Amerihealth District of Columbia, Inc. on April 30, 2013.

(d) Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over a period not to exceed three years. Equipment under capital leases is stated at the present value of minimum lease payments and is amortized using the straight-line method over the term of the lease.

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Notes to Statutory Financial Statements - Continued

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(See Independent Auditor's Report)

**(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices
(Continued)**

(e) Premium Revenue

Chartered recognizes premiums received for members enrolled in the Medicaid and Alliance programs as revenue in the period to which health care coverage relates. Member premiums are paid on a fixed monthly fee per capita basis. Chartered receives additional revenue for the birth of newborns by its enrolled members. Such revenue is recognized in the month of the birth.

(f) Health Care Costs and Unpaid Claims Adjustment Expenses

Chartered has entered into hospital service contracts to provide the necessary inpatient and outpatient hospital services to its enrollees. Under the contracts, Chartered pays the participating hospitals at the fee-for-service rates in effect at the time the services were provided to its enrollees. Chartered has also entered into agreements with network physicians and suppliers to provide medical services and supplies to Chartered's enrollees at agreed-upon fee-for-service rates or at fixed fees per member per month ("capitation").

Monthly capitation payments to primary care physicians and other health care providers are expensed as paid. Health care costs and health care costs payable include amounts for known services rendered and an estimate of incurred but not reported services rendered by hospitals, physicians, and other health care providers. The estimated incurred but not reported health care costs payable have been actuarially determined based on relevant industry data and Chartered's historical trends. Management believes that the methodologies employed to estimate the health care costs payable are reasonable and that the amount accrued is appropriate.

As part of the process of estimating the cost of all claims reported but unpaid, and claims incurred but not reported, Chartered accrued \$1,275,722 at April 30, 2013 and December 31, 2012, as an estimate of the expense to administer these claims.

(g) Income Taxes

In accordance with its tax allocation agreement with DCHSI, Chartered is to be included in consolidated federal and state income tax returns with DCHSI, using an April 30 fiscal year-end. Deferred tax assets, deferred tax liabilities, and income tax expense or benefit associated with Chartered have been provided for on a separate company basis. In addition, Chartered determines its deferred income taxes on a separate company basis and remits its estimated tax payment to DCHSI. DCHSI, including Chartered, is believed by management to have filed federal income tax returns through April 30, 2010. It is management's understanding that tax returns for fiscal years ended April 30, 2011, 2012 and 2013 have not been filed with the Internal Revenue Service, as of the date of this report.

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Notes to Statutory Financial Statements - Continued

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(See Independent Auditor's Report)

(2) Basis of Presentation and Summary of Significant Accounting Policies and Practices
(Continued)

(g) Income Taxes (Continued)

Income taxes are accounted for under the asset and liability method. Deferred tax assets ("DTAs") and liabilities ("DTLs") are recognized for the future tax consequences attributable to differences between the statutory financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. DTAs and DTLs are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on DTAs and DTLs from a change in tax rates is recognized in the period that includes the enactment date.

Chartered has adopted SSAP No. 101 - *Income Taxes*, which became effective January 1, 2012. Under SSAP No. 101, Chartered was required to recalculate its admitted net deferred tax asset as of January 1, 2012. The impact of adoption of SSAP No. 101 resulted in no change to total admitted assets and surplus as of January 1, 2012.

(g) Premium Deficiency Reserve

Premium deficiency reserves and the related expense are recognized when it is probable that expected future healthcare and maintenance costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries over the remaining lives of the contracts. The methods for making such estimates and for establishing the resulting reserves are continually reviewed and updated, and any adjustments resulting therefrom are reflected in current operations. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided.

In consultation with Chartered's outside actuaries, Chartered determined that it was appropriate under statutory accounting principles to establish a premium deficiency reserve at December 31, 2012 in the amount of \$5 million. Because Chartered ended its final contract with the DHCF at April 30, 2013, it is similarly appropriate under statutory accounting principles to eliminate the previously established premium deficiency reserve at April 30, 2013.

(h) Use of Estimates

Management of Chartered has made a number of estimates and assumptions relating to the reporting of admitted assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reporting period to prepare these statutory financial statements in conformity with statutory accounting principles. Actual results could differ from those estimates.

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(See Independent Auditor's Report)

(3) Investments

(a) Bonds

The cost, which approximates fair value, of bonds, comprised solely of certificates of deposit, at April 30, 2013 and December 31, 2012, by contractual maturity is shown below.

	<u>2013</u>	<u>2012</u>
Maturing in one year or less	\$ 632,001	\$ 6,692,363
Maturing after one year through five years	-	6,787,000
	<u>\$ 632,001</u>	<u>\$ 13,479,363</u>

(b) Net Investment Income

The following table reflects net investment income by type of investment for the period from January 1, 2013 through April 30, 2013 and the year ended December 31, 2012:

	<u>2013</u>	<u>2012</u>
Bonds	\$ 60,037	\$ 239,647
Cash and cash equivalents	9,584	70,770
Other	-	(863)
Gross investment income	<u>69,621</u>	<u>309,554</u>
Less: investment expenses	<u>16,980</u>	<u>41,120</u>
	<u>\$ 52,641</u>	<u>\$ 268,434</u>

(4) Property and Equipment

At April 30, 2013, Chartered's property and equipment was transferred to AmeriHealth District of Columbia, Inc. in accordance with the Asset Purchase Agreement between the two parties dated February 8, 2013. At December 31, 2012, Chartered's property and equipment was non-admitted based upon the requirements of SSAP No. 16R.

Depreciation and amortization expense related to property and equipment and software, including non-admitted assets, was \$133,675 and \$469,395 for the period ended April 30, 2013 and the year ended December 31, 2012, respectively.

(5) Retrospective Premiums – Change in Accounting Principle

During 2012, management determined that contracts in force with the DHCF were retrospectively rated contracts in accordance with SSAP No. 66 – *Retrospectively Rated Contracts*. This represented a change in accounting principle which management determined to apply as of December 31, 2011. This represented an exception to statutory accounting principles, as the change in accounting principle should have been applied retroactively, beginning at the date at which the

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(5) Retrospective Premiums – Change in Accounting Principle (Continued)

retrospective premium accrual should have commenced. This would have required the Accrued Retrospective Premium Receivable at December 31, 2011, to be allocated between the last five months of 2010 and the entire year of 2011. Because the amount allocable to 2010 was estimated to be relatively small in comparison to the total Retrospective Premium, management elected to not allocate a portion of the Retrospective Premium to 2010 and, consequently, did not restate Chartered's 2010 statutory financial statements.

As of December 31, 2011, Chartered recorded an Accrued Retrospective Premium Receivable net amount of \$20 million for the period from August 2010 through December 31, 2011, related to the Medicaid contract, after consideration of a \$10 million allowance, based on management's assessment of collectability.

On April 10, 2012, Chartered filed a claim with the District's Contract Appeals Board for approximately \$25.8 million for pharmacy losses incurred from August 1, 2010 through April 30, 2012, under the Medicaid contract, following the effective denial of the claim by the DHCF. Chartered had requested that the District review the contract's pharmacy rates and make a rate adjustment for the 2010 – 2011 contract year, based on management's contention that current rates were actuarially unsound.

During 2012, Chartered revised this calculation based upon a report prepared by Rector & Associates as part of a limited scope examination conducted by the DISB. Chartered calculated the amount of retrospective premium by comparing premiums earned under the contract to total claims paid and certain additional expenses during the period from August 1, 2010 through April 30, 2012. Chartered then recorded an additional Accrued Retrospective Premium Receivable net amount of \$12 million for the period from January 1, 2012 through April 30, 2012, related to its Medicaid contract, after consideration of an additional \$6 million allowance as reflected in the accompanying Statutory Statements of Operations for 2012. The gross retrospective premium represented 4.5% of premiums earned during 2012. As of December 31, 2012, the total carrying value of the retrospective premium receivable was \$32 million, which is net of an allowance of \$16 million.

On February 21, 2013, Chartered filed a claim amending and superseding its retrospective premium claim pending before the Contract Appeal Board from April 2012. The new claim amount is \$51,287,369. Similarly, Chartered also filed a claim with DHCF on February 21, 2013, for \$9,086,929, alleging that the DHCF failed to pay actuarially sound capitation rates to Chartered for services provided under the District's Alliance program from July 2010 through July 2011. In addition, Chartered filed a claim with DHCF on January 4, 2013, for \$2.2 million, claiming an equitable adjustment for dental crown coverage.

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(See Independent Auditor's Report)

(5) Retrospective Premiums – Change in Accounting Principle (Continued)

Chartered elected to not record additional receivable amounts at April 30, 2013, for the Alliance and dental crown claims described above. As a result, the gross Accrued Retrospective Premium Receivable of \$48 million remained unchanged at April 30, 2013, from that recorded at December 31, 2012, as did the corresponding \$16 million allowance. Amounts recorded represent management's estimate of the receivable considering all potential outcomes of litigation pending before the District's Contract Appeals Board. Resolution of this claim and ultimate collectability of the receivable recorded as of April 30, 2013, could significantly differ from management's estimate. See Note 18 for further elaboration of this issue.

(6) Risk-Based Capital

The National Association of Insurance Commissioners developed the Managed Care Organization Risk-Based Capital Report and required all HMOs to complete the report beginning with the year ended December 31, 1998. Risk-based capital ("RBC") was developed as a method of measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. A company's RBC target is calculated by applying certain factors to various asset, premium and reserve items.

In May 2012, Chartered submitted a comprehensive financial plan with DISB outlining its plan for attaining an acceptable level of RBC. Chartered subsequently failed to make satisfactory progress in achieving the level of risk-based capital required to exit the mandatory control level status and, with the approval of Chartered's Board of Directors and its owner, on October 19, 2012, DISB placed Chartered into court-supervised rehabilitation.

Chartered's RBC ratio was approximately (65)% and 42% as of December 31, 2012 and 2011, respectively. As of April 30, 2013, a RBC calculation was not performed because the calculation is based on a 12-month period.

(7) Minimum Net Worth and Regulatory and Contractual Requirements

As required by the District of Columbia's Health Maintenance Organization Act of 1996 (the "Act"), Chartered entered into a Health Maintenance Organization Custodial Agreement dated February 27, 1998. Under the laws of the Act, Chartered is also required to maintain a minimum net worth equal to the greater of (1) \$1 million; (2) the sum of all uncovered health care expenditures for the latest three-month period ending December 31, March 31, June 30, or September 30; (3) 2% of its annual revenues; or (4) a prescribed percentage of annual health care expenditures. According to the Act, a HMO shall not be required to maintain a net worth in excess of \$4 million. At April 30, 2013 and December 31, 2012, Chartered's statutory net deficit was \$26,337,189 and \$9,757,167, respectively. At April 30, 2013 and December 31, 2012, Chartered was not in compliance with its minimum statutory net worth requirements.

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Notes to Statutory Financial Statements - Continued

April 30, 2013

(See Independent Auditor's Report)

(7) Minimum Net Worth and Regulatory and Contractual Requirements (Continued)

Under the terms of its Medicaid contract with the DHCF, Chartered is also required to meet certain financial requirements. As such, Chartered is required to maintain a positive net worth, and insolvency reserves or deposits that equal or exceed the minimum requirements established by the Department as a condition for maintaining a certificate of authority to operate an HMO in the District. Chartered failed to meet these requirements as of April 30, 2013 and December 31, 2012.

(8) Commitments and Contingencies

(a) Leases

Chartered is obligated under a non-cancelable lease for office space. The future amount due under the lease is as follows:

2013 (May - Dec)	\$ 675,656
2014	509,851

Total rent expense was \$286,771 and \$1,346,233 for the four month period ended April 30, 2013 and the year ended December 31, 2012, respectively.

(b) Litigation

Chartered is subject to claims and suits arising in the ordinary course of business. The ultimate resolution of pending and future legal proceedings is unknown as of April 30, 2013, and therefore may have a material effect on these statutory financial statements.

Litigation brought against the DHCF by Chartered over retrospective premiums in the Medicaid program is discussed in Note 5. Additionally, on January 4, 2013, Chartered filed a claim for \$2.2 million against the DHCF alleging that the DHCF failed to compensate Chartered for certain dental services the DHCF mandated Chartered to pay, but which were not required or compensated under Chartered's contract with the DHCF. Chartered also filed a claim with the DHCF on February 21, 2013, for \$9,086,929, alleging that the DHCF failed to pay actuarially sound capitation rates to Chartered for services provided under the District's Alliance program from July 2010 through July 2011. On July 22, 2013, Chartered entered into an agreement with the DHCF which resolved the disputes between the two parties. See Note 18 for further explanation of the agreement.

On December 4, 2012, MedStar Health ("MedStar") provided notice of contract terminations on behalf of Washington Hospital Center Corporation ("WHC") and MedStar—Georgetown Medical Center, Inc. ("GUH") effective January 4, 2013. Subsequently, MedStar filed a motion in the Superior Court for the District of Columbia seeking to prevent Chartered from recouping amounts on patient claims which Chartered asserts under the contracts. The motion was denied

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(See Independent Auditor's Report)

(8) Commitments and Contingencies (Continued)

(b) Litigation (Continued)

and the parties are arbitrating the matters in dispute. MedStar asserted in its civil action that the amount in controversy is approximately \$39 million. Chartered has included \$8,393,000 for settlement of the MedStar arbitration claim in its estimate of its claims liability at April 30, 2013, in addition to amounts associated with other normal, adjudicated-but-unpaid MedStar claims. In August 2013 the two parties executed a Memorandum of Understanding to resolve their dispute. See Note 18 for further information on the dispute resolution.

On May 30, 2013, Chartered filed a civil action in the Superior Court of the District of Columbia against DCHSI and its sole shareholder, Jeffrey Thompson, seeking \$17 million in amounts owed Chartered by DCHSI and/or Jeffrey Thompson. This litigation is discussed in Notes 8(c) and 18.

(c) Risk-Based Contract Dispute Settlement

In the third quarter of 2008, Chartered executed a co-guarantor agreement with DCHSI, wherein Chartered guaranteed a \$13,333,567 long term Bank Loan Payable (the "Loan"). Chartered, DCHSI and Cardinal Bank, an operating unit of Cardinal Financial Corporation, (NASDAQ; CFNL) executed an agreement under which Chartered served as a co-guarantor on the loan and collateralized the loan with specific securities.

The Loan originated from a Settlement and Dispute Resolution Agreement for contractual disputes with the Office of the Attorney General for the District, which required DCHSI to pay \$12 million. DCHSI financed the settlement payment through a long term Bank Loan Payable.

Effective April 12, 2012, Cardinal Bank, executed a Modification Agreement to a certain "Pledge, Assignment and Security Agreement" dated October 10, 2008. The Modification Agreement releases Chartered as a guarantor on the Loan between Cardinal Bank and DCHSI.

Pursuant to the Loan, Chartered was required to pledge investments in the amount of \$13,333,567 as collateral for the Loan. In the event that DCHSI defaulted on or was not able to meet its obligations under the provisions of the Loan, the owner of DCHSI executed an Indemnification Agreement to irrevocably and unconditionally hold Chartered harmless and indemnify Chartered for any monies that Chartered would be obligated to pay under the guaranty agreement and pledge and security agreement, including, but not limited to, any liquidation of the pledged collateral. Management concluded that the pledged investments are an admitted asset under SSAP No. 91R – *Accounting for Servicing of Financial Assets and Extinguishment of Liabilities*, paragraph No. 14 – *Secured Borrowings and Collateral*, and Interpretation 01-31 – *Assets Pledged as Collateral* (INT-01-31). Management communicated with the DISB, which determined that the pledged investments should be classified as admitted

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(See Independent Auditor's Report)

(8) Commitments and Contingencies (Continued)

(c) Risk-Based Contract Dispute Settlement (Continued)

assets. Accordingly, \$13,789,651 of pledged investments were included as certificates of deposit, pledged in the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit at December 31, 2012.

On May 17, 2013, Cardinal Bank declared the Loan described above to be in default. Cardinal Bank then liquidated the pledged collateral valued at \$14,007,294. The bank retained \$12,200,294 for outstanding principal, interest and fees on the Loan. Cardinal Bank then remitted the remaining balance to Chartered, after deducting \$150,000 for "anticipated legal fees." The remittance to Chartered was \$1,657,000. As a result of this, Chartered filed a lawsuit on May 30, 2013, against Jeffrey Thompson, seeking reimbursement for the value of the seized collateral. After consideration of the facts and circumstances, management determined that it was not appropriate to include the pledged collateral on the amount reimbursable under the Indemnification Agreement as an admitted asset at April 30, 2013, and, consequently, elected to expense the full \$12,200,294 as a related-party loss as of that date. See Note 18 for further explanation of the dispute between the parties.

(d) Contingent Contributions

In addition to the Settlement and Dispute Resolution Agreement described above in Note 8(c), DCHSI, Chartered, and the owner of DCHSI entered into a Letter Agreement (the "Agreement") with the District that requires DCHSI, Chartered, and the owner of DCHSI to make contributions to the District's Department of Health Immunization Program and several other not-for-profit organizations, including the District's Public Education Fund, of approximately \$1,050,000 each year for a period of five years beginning January 1, 2009. Under the Agreement, these contributions will be made subject to the following conditions being met: (1) the funds received by the various organizations from the previous year were used for the purposes outlined in the Agreement, (2) the submission of a report that demonstrates that the funds were expended in compliance with the Agreement, and (3) Chartered and DCHSI are able to maintain "normal operations" during that year. Therefore, if the District fails to use the funds provided as required, the District does not account for related expenditures, or either Chartered or DCHSI suffer adverse financial circumstances, the commitments become void or are subject to renegotiation. Management believes that the above mentioned conditions were not being met as of April 30, 2013 and December 31, 2012, and accordingly, has not accrued a liability. Chartered records expense in the period in which the payments are made. Chartered did not record any contributions expense for the period ended April 30, 2013 and the year ended December 31, 2012.

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Notes to Statutory Financial Statements - Continued

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(See Independent Auditor's Report)

(8) Commitments and Contingencies (Continued)

(e) Employment Contracts

Chartered previously entered into employment agreements with its key executives, establishing minimum compensation levels, performance requirements, severance and certain other benefits. The agreements were terminated at the request of the Rehabilitator and by order of the Superior Court of the District of Columbia effective with the closing of the Asset Purchase Agreement on April 30, 2013.

(9) Reinsurance Coverage

Chartered is financially responsible for the cost of each enrollee's medical services. Annual Medicaid inpatient hospital services per enrollee were reinsured by a third-party insurance carrier as follows:

Effective Dates	Insured's Copayment
October 1, 2012 through April 30, 2013	\$300,000 plus 50% of paid services in excess of the \$300,000 deductible amount

The insurance company provides coverage above these deductible amounts. The maximum reimbursement per enrollee is limited to \$2 million, in the aggregate, for the contract year ended April 30, 2013.

For the four month period ended April 30, 2013 and the year ended December 31, 2012, Chartered incurred reinsurance premium expense of \$318,541 and \$914,378, respectively, which is included as a reduction to premium revenue in the accompanying Statutory Statements of Operations. For the four month period ended April 30, 2013 and the year ended December 31, 2012, Chartered had reinsurance recoveries of \$228,826 and \$619,220, respectively, which are included as a reduction to health care costs in the accompanying Statutory Statements of Operations.

Although the policy was initially written with Effective Dates of October 1, 2012 through September 30, 2013, subsequent to the transfer of Chartered's Medicaid contract to AmeriHealth District of Columbia, Inc. on April 30, 2013, the reinsurance carrier notified Chartered that its reinsurance contract, by virtue of cessation of premium payments, was cancelled effective April 30, 2013.

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Notes to Statutory Financial Statements - Continued

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(See Independent Auditor's Report)

(10) Federal Income Taxes

The components of the net deferred tax asset in the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit at April 30, 2013 and December 31, 2012 are as follows:

	2013		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Gross deferred tax assets	\$ 17,985,400	\$ -	\$ 17,985,400
Statutory valuation allowance adjustment	<u>17,985,400</u>	<u>-</u>	<u>17,985,400</u>
Adjusted gross deferred tax assets	-	-	-
Gross deferred tax liability	<u>-</u>	<u>-</u>	<u>-</u>
Net deferred tax assets	-	-	-
Nonadmitted deferred tax assets	<u>-</u>	<u>-</u>	<u>-</u>
Net admitted adjusted deferred tax assets	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Increase (decrease) in nonadmitted deferred tax assets	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

	2012		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Gross deferred tax assets	\$ 12,184,919	\$ -	\$ 12,184,919
Statutory valuation allowance adjustment	<u>12,184,919</u>	<u>-</u>	<u>12,184,919</u>
Adjusted gross deferred tax assets	-	-	-
Gross deferred tax liability	<u>-</u>	<u>-</u>	<u>-</u>
Net deferred tax assets	-	-	-
Nonadmitted deferred tax assets	<u>-</u>	<u>-</u>	<u>-</u>
Net admitted adjusted deferred tax assets	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Increase (decrease) in nonadmitted deferred tax assets	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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(See Independent Auditor's Report)

(10) Federal Income Taxes (Continued)

The components of the admissibility calculation, by tax character, as of April 30, 2013 and December 31, 2012, are as follows:

Admission Calculation Components

	<u>2013</u>		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
(a) Federal income taxes paid in prior years recoverable through loss carrybacks.	\$ -	\$ -	\$ -
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below)	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	\$ -	\$ -	\$ -
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	\$ -
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	\$ -	\$ -	\$ -
(d) Deferred tax assets admitted as the result of application of SSAP No. 101.	-	-	-
Total (2(a) + 2(b) + 2(c))	\$ -	\$ -	\$ -

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(10) Federal Income Taxes (Continued)

Admission Calculation Components

	<u>2012</u>		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
(a) Federal income taxes paid in prior years recoverable through loss carrybacks.	\$ -	\$ -	\$ -
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below)	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	\$ -	\$ -	\$ -
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	\$ -
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	\$ -	\$ -	\$ -
(d) Deferred tax assets admitted as the result of application of SSAP No. 101.	-	-	-
Total (2(a) + 2(b) + 2(c))	\$ -	\$ -	\$ -

	<u>2013</u>	<u>2012</u>
(a) Ratio percentage used to determine recovery period and threshold limitation amount	(179)%	(66)%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$(26,337,189)	\$(9,757,167)

The components of Chartered's provision for federal income taxes for the period ended April 30, 2013 and the year ended December 31, 2012, are as follows:

	<u>2013</u>	<u>2012</u>
Current year income tax	\$ -	\$ -
Tax on capital gains	-	-
Prior year tax over accrual	-	-
Federal income tax provision	<u>\$ -</u>	<u>\$ -</u>

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(See Independent Auditor's Report)

(10) Federal Income Taxes (Continued)

The tax effects of temporary differences that give rise to significant portions of the deferred tax liability at April 30, 2013 and December 31, 2012, are as follows:

	2013	
	<u>Ordinary</u>	<u>Capital</u>
Deferred tax assets:		
Discounting of unpaid losses	\$ 443,297	\$ -
Fixed assets	26,698	-
Charitable contributions	211,814	-
Non-admitted assets	229,271	-
Net operating loss carry-forward	15,724,887	-
Other	1,349,433	-
Subtotal	17,985,400	-
Statutory valuation allowance adjustment	17,985,400	-
Non-admitted	-	-
Admitted deferred tax assets	\$ -	\$ -
Deferred tax liability:		
Deferred tax assets, net	\$ -	\$ -

	2012	
	<u>Ordinary</u>	<u>Capital</u>
Deferred tax assets:		
Discounting of unpaid losses	\$ 318,723	\$ -
Premium deficiency reserve	1,750,000	-
Accrued expenses	58,757	-
Fixed assets	906,149	-
Charitable contributions	211,814	-
Non-admitted assets	561,900	-
Net operating loss carry-forward	7,028,143	-
Tax credit carry-forward	-	-
Other	1,349,433	-
Subtotal	12,184,919	-
Statutory valuation allowance adjustment	12,184,919	-
Non-admitted	-	-
Admitted deferred tax assets	\$ -	\$ -
Deferred tax liability:		
Deferred tax assets, net	\$ -	\$ -

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Notes to Statutory Financial Statements - Continued

April 30, 2013

(See Independent Auditor's Report)

(10) Federal Income Taxes (Continued)

The change in net deferred income taxes as reported in the accompanying Statutory Statements Capital and Deficit for the period ended April 30, 2013 and the year ended December 31, 2012, is as follows:

	<u>2013</u>	
	<u>Ordinary</u>	<u>Capital</u>
Adjusted deferred tax assets	\$ -	\$ -
Total deferred tax liabilities	-	-
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>
	<u>2012</u>	
	<u>Ordinary</u>	<u>Capital</u>
Adjusted deferred tax assets	\$ -	\$ -
Total deferred tax liabilities	-	-
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>
		<u>Change</u>
Change in total deferred tax assets		\$ -
Change in total deferred tax liabilities		-
Change in net deferred tax asset		-
Change in tax effect of unrealized losses (gains)		-
Change in net deferred income tax		<u>\$ -</u>

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	<u>Amount</u>	<u>Tax Effect at 35%</u>	<u>Effective Tax Rate</u>
Income (loss) before taxes	\$ (17,530,389)	\$ (6,135,636)	35.00%
Change in non-admitted assets	950,367	332,628	(1.90%)
Meals and entertainment	7,018	2,456	(0.01%)
Change in valuation allowance	16,572,809	5,800,483	(33.09%)
Other	195	69	(0.00%)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>(0.00%)</u>
Federal income taxed incurred expense		\$ -	0.00%
Tax on capital gains		-	0.00%
Change in net deferred income tax charge		-	(0.00%)
Total statutory		<u>\$ -</u>	<u>(0.00%)</u>

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Notes to Statutory Financial Statements - Continued

April 30, 2013

(See Independent Auditor's Report)

(10) Federal Income Taxes (Continued)

At April 30, 2013, Chartered had \$45 million of net operating loss carry-forwards. The following is the income tax expense for 2013 and 2012 that is available for recoupment in the event of future net losses:

2013	\$ -
2012	-

Chartered is included in a consolidated federal income tax return with DCHSI for the fiscal tax years through April 30, 2010. Chartered has a written agreement with DCHSI which sets forth the manner in which the total combined federal income tax is allocated to each entity that is a party to the consolidation.

(11) Health Care Costs Payable

A summary of the activity for health care costs payable is as follows:

Balance at January 1, 2013	\$ 47,889,416
Plus incurred related to:	
Current period	99,906,104
Prior years	10,952,955
Total incurred	110,859,059
Less paid related to:	
Current period	47,474,653
Prior years	44,168,020
Total paid	91,642,673
Balance at April 30, 2013	\$ 67,105,802
Balance at January 1, 2012	\$ 43,000,000
Plus incurred related to:	
Current year	363,349,358
Prior years	(3,799,223)
Total incurred	359,550,135
Less paid related to:	
Current year	314,970,043
Prior years	39,690,676
Total paid	354,660,719
Balance at December 31, 2012	\$ 47,889,416

**D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)**

Notes to Statutory Financial Statements - Continued

April 30, 2013

(See Independent Auditor's Report)

(11) Health Care Costs Payable (Continued)

Chartered uses actuarial techniques based on historical experience to estimate incurred claims. Amounts incurred related to prior years may vary from previously estimated liabilities as the claims are ultimately settled at amounts different than initially estimated. Liabilities at any period-end are continually reviewed and re-estimated as information regarding actual claims payments becomes known. This information is compared to the originally established year-end liability. Positive amounts reported for incurred related to prior years result from claims being settled for amounts greater than originally estimated. This experience is primarily attributable to actual medical cost experience being less favorable than that assumed at the time the liability was established. Chartered incurred other health care costs, which primarily consisted of capitation payments to providers of health care services for Chartered's members of \$5,364,890 and \$15,410,041 for the four month period ended April 30, 2013 and the year ended December 31, 2012, respectively.

(12) Professional Liability Insurance

During 2013 and 2012, Chartered maintained a healthcare general liability insurance policy, which is written on a claims-made basis. The coverage limits for this policy are \$1 million per occurrence and \$3 million aggregate. Similarly, Chartered maintained a managed care liability insurance policy, which is also written on a claims-made basis. Coverage limits were increased in March 2012 from \$1 million per claim to \$6 million per claim and from \$3 million aggregate to \$8 million aggregate. These policies remained in full force and effect during 2013 and 2012 and have been renewed through March 2014.

Chartered also has purchased an umbrella liability insurance policy that provides an additional coverage limit of \$5 million per loss event. This policy has been renewed through March 2014.

In management's opinion, there are no pending or anticipated claims against Chartered for activities covered by the above-described liability insurance policies which would have a material effect on the results of operations, cash flows, or financial position of Chartered.

(13) Related-Party Transactions

As of April 30, 2013, Chartered has entered into no related-party transactions, with the exception of Chartered's lease of its building at 1025 15th Street, NW in Washington, D.C. The lease expires June 2014; however, Chartered vacated the building in May 2013.

**D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)**

Notes to Statutory Financial Statements - Continued

April 30, 2013

(See Independent Auditor's Report)

(13) Related-Party Transactions (Continued)

Prior to 2013, Chartered engaged in numerous related-party transactions over a period of years. These transactions included various services arrangements with certain related parties, including Chartered Family Health Center and DCHSI. Chartered has not been able to substantiate certain of these related-party transactions. Consequently, Chartered has evaluated known related-party net receivables for collectability and has elected to charge them off to expense. For the four month period ended April 30, 2013 and the year ended December 31, 2012, Chartered recognized bad debt expense of \$12,200,294 and \$8,427, respectively, related to related-party balances which are reflected in the Statutory Statements of Operations. For more information on the current period expense, see Note 8(c).

(14) Defined Contribution 401(k) Plan

Chartered sponsored a 401(k) plan (the "Plan") for its employees. Employees were eligible to participate in the Plan if they were at least 21 years of age and had worked 90 days or longer at Chartered. Employees could contribute between 1% and 12% of eligible salary on a pre-tax basis. Chartered made a discretionary matching contribution to the Plan of 12% of each employee's contribution amount. Chartered contributed \$10,090 and \$30,388 to the Plan for the four month period ended April 30, 2013 and the year ended December 31, 2012, respectively.

(15) Fair Value of Financial Instruments

Chartered's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by accounting standards prescribed or permitted by the DISB. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1), quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the investment (Level 2), and the lowest ranking to fair values determined by using methodologies and models with unobservable inputs (Level 3). Classification is based on the lowest level input that is significant to its measurement. Assets and liabilities recorded at fair value in the accompanying Statutory Statements of Admitted Assets, Liabilities and Capital and Deficit are categorized based upon the level of judgment associated with the inputs used to measure their fair value. At April 30, 2013 and December 31, 2012, Chartered's bonds of \$632,001 and \$13,479,363, respectively, consisted entirely of Level 1 and Level 2 assets.

(16) Dividends Paid

There were no dividends approved or paid during the four month period ended April 30, 2013 or the year ended December 31, 2012.

**D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)**

Notes to Statutory Financial Statements - Continued

April 30, 2013

(See Independent Auditor's Report)

(17) Concentrations

Chartered earns 100% of its premium revenue under contracts with the DHCF. The current contract expired on April 30, 2013, and Chartered did not submit a bid for the subsequent contract.

Chartered is limited in both insured enrollees and medical care providers to the geographic boundaries of the District of Columbia, with exceptions for enrollees seeking medical care when outside the District.

(18) Subsequent Events

Management has evaluated subsequent events through January 28, 2014, which is the date that these statutory financial statements were issued.

Type I – Recognized Subsequent Events:

- On May 17, 2013, Cardinal Bank declared the Loan described in Note 8(c) above to be in default. Cardinal Bank then liquidated the pledged collateral valued at \$14,007,294. The bank retained \$12,200,294 for outstanding principal, interest and fees on the Loan. Cardinal Bank then remitted the remaining balance to Chartered, after deducting \$150,000 for “anticipated legal fees.” The remittance to Chartered was \$1,657,000. Cardinal Bank and Chartered subsequently entered into a Release Agreement approved by the Rehabilitation Court under which Cardinal Bank remitted the withheld \$150,000 and an additional \$25,000, plus interest thereon, to Chartered.
- In August 2013, Chartered and MedStar executed a Memorandum of Understanding (“MOU”) regarding the disputed claims in litigation/arbitration discussed in Note 8(b). The MOU and subsequent Settlement and Material Release between Chartered and two MedStar hospitals, Washington Hospital Center (“WHC”) and Georgetown Medical Center (doing business as Georgetown University Hospital - “GUH”) resolved all disputed matters between the parties. Under the Settlement, Chartered determined that \$9,634,763 was undisputed and payable to WHC and GUH, leaving over \$30 million in disputed claims. The parties agreed to compromise the disputed claims for \$8,393,000. The undisputed and disputed claims are included in claims unpaid at April 30, 2013, in Chartered’s balance sheet. The settlement agreement was approved by the Superior Court on October 18, 2013. MedStar entities have been paid a pro rata share of the agreed settlement amounts under the payment plan approved by the Court.

**D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)**

Notes to Statutory Financial Statements - Continued

April 30, 2013

(See Independent Auditor's Report)

(18) Subsequent Events (Continued)

Type II – Nonrecognized Subsequent Events:

- On July 22, 2013, Chartered and the DHCF entered into a settlement agreement regarding claims for retrospective premiums and actuarially unsound rates discussed in Notes 5 and 8(b). The settlement, valued at \$48 million, resolved all pending claims between Chartered and the DHCF and any other claims which Chartered may have asserted against the DHCF and provided that the DHCF pay Chartered \$18 million through a Technical Adjustment requiring approval of the Centers for Medicare and Medicaid Services ("CMS") ("Part I"), and for the DHCF to pay Chartered's providers \$30 million on claims owed the providers by Chartered through a grant program ("Part II"). The settlement required approval of the technical adjustment payment by CMS and approval of the settlement agreement by the D.C. Superior Court. The Court approved the settlement on August 22, 2013, and CMS approved the technical adjustment payment shortly thereafter. Chartered has distributed all \$18 million in Part I payments to providers on a pro rata basis. The DHCF is distributing Part II payments to Chartered's providers through a grant program on a pro rata basis. Payments under Part I and Part II of the settlement constitute 83.87% of claims amounts owed providers, as of the claims bar date of August 31, 2013.

Below is a summary of the impact to the financial statements related to the recognition of the settlement with DHCF, which occurred subsequent to the date of these financial statements.

	<u>Audited Amounts</u>	<u>Adjustments As Described Above</u>	<u>Amounts After Subsequent Events Recognized</u>
Assets:			
Total Admitted Assets	\$ 54,276,950	\$ (32,000,000)	\$ 22,276,950
Liabilities and Capital and Deficit:			
Total Current Liabilities	\$ 80,614,139	\$ (48,000,000)	\$ 32,614,139
Total Capital and Deficit	\$ (26,337,189)	\$ 16,000,000	\$ (10,337,189)
Total Liabilities and Capital and Deficit	\$ 54,276,950	\$ (32,000,000)	\$ 22,276,950
Net Loss:			
Total Underwriting Income	\$ 117,530,006	\$ 16,000,000	\$ 133,530,006
Net Loss	\$ (17,530,389)	\$ 16,000,000	\$ (1,530,389)

**D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)**

Notes to Statutory Financial Statements - Continued

April 30, 2013

(See Independent Auditor's Report)

(18) Subsequent Events (Continued)

Type II – Nonrecognized Subsequent Events (Continued):

- On May 30, 2013, Chartered filed a civil action in the Superior Court of the District of Columbia against DCHSI and its sole shareholder, Jeffrey Thompson, seeking \$17 million in amounts owed Chartered by DCHSI and/or Jeffrey Thompson. The claims relate to approximately \$4 million in federal income tax receivables under a tax allocation agreement between DCHSI and Chartered, related-party transactions totaling approximately \$1 million for which there is insufficient documentation and for \$12 million in collateral which secured a loan to DCHSI (seized by Cardinal Bank in May 2013 after notice of default). Chartered has filed a motion for partial summary judgment seeking \$12 million from Jeffrey Thompson under his agreement to indemnify Chartered against any loss due to seizure of the collateral securing the loan. DCHSI and Jeffrey Thompson have filed a motion to dismiss the counts in the suit regarding the related-party transactions. These motions are pending before the court at the time of this report. In addition, Chartered also tendered the approximately \$1 million in insufficiently documented related-party transactions to its insurer as a claim under its Health Care Portfolio insurance policy for the period from March 13, 2012 through March 15, 2013.

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Supplementary Summary Investment Schedule

For the Period from January 1, 2013 through April 30, 2013

(See Independent Auditor's Report)

Investment holdings	Admitted assets as reported in the statutory financial statements	
	Amount	Percentage
Cash and cash equivalents:		
Cash and money market funds	\$ 17,723,544	97%
Bonds:		
Certificates of deposit	632,001 *	3%
Total invested assets	<u>\$ 18,355,545</u>	<u>100%</u>

* See Note 13, on May 17, 2013, Cardinal Bank liquidated \$12,200,294 of the Certificate of Deposit to pay off the Loan as described in Note 8(c).

D.C. CHARTERED HEALTH PLAN, INC., in Receivership
(A Wholly Owned Subsidiary of D.C. Healthcare Systems, Inc.)

Supplemental Schedule of Investment Risk Interrogatories

For the Period from January 1, 2013 through April 30, 2013

(See Independent Auditor's Report)

(1)	Total admitted assets:	\$	54,276,950
(2)	10 largest exposures to a single issuer/borrower/investment:		
	Investment category	Amount	Total admitted assets
	Cardinal Bank	\$ 15,894,292	29.3%
	Federated Investors Inc.	\$ 1,243,385	2.3%
	Premier Bank	\$ 480,000	0.9%
	Bank of America	\$ 316,947	0.6%
	Alliance Bernstein	\$ 250,000	0.5%
	Ally Bank	\$ 250,000	0.5%
	American Express Centurion	\$ 250,000	0.5%
	Aurora Bank	\$ 250,000	0.5%
	Bank of Baroda	\$ 250,000	0.5%
	Bank BBVASM	\$ 250,000	0.5%
(3)	Total admitted assets held in bonds, preferred stocks and money markets by NAIC rating:		
	Bonds	Amount	Percentage
	NAIC-1	\$ 2,845,784	5.2%
	NAIC-2		
	NAIC-3		
	NAIC-4		
	NAIC-5		
	NAIC-6		
	Stocks	Amount	Percentage
	P/RP-1	None	
	P/RP-2		
	P/RP-3		
	P/RP-4		
	P/RP-5		
	P/RP-6		
(4)	There were no admitted assets held in foreign investments and unhedged foreign currency exposure.		
(5) - (11)	There were no admitted assets held in Canadian investments, no unhedged Canadian currency exposure, nor any Canadian-currency-denominated investments, which support Canadian-denominated insurance liabilities.		
(12)	There were no admitted assets held in investments with contractual sales restrictions.		
(13)	There were no admitted assets held in equity interests.		
(14)	There were no privately placed equities.		
(15)	There were no admitted assets held in general partnership interests.		
(16) - (17)	There were no admitted assets held in mortgage loans.		
(18) - (19)	There were no assets held in real estate.		
(20)	There were no admitted assets subject to securities lending, reverse repurchase, dollar repurchase, or dollar reverse repurchase agreements.		
(21)	There were no warrants.		
(22)	There was no potential exposure for collars, swaps, and forwards.		
(23)	There was no potential exposure for future contracts.		

EXHIBIT 2

ANNUAL STATEMENT

OF THE

DC CHARTERED HEALTH PLAN, INC.

of

Washington

in the state of

District of Columbia

TO THE

Insurance Department

OF THE STATE OF

District of Columbia

For the Year Ending
December 31, 2013

2013

HEALTH

2013



ANNUAL STATEMENT
For the Year Ending December 31, 2013
OF THE CONDITION AND AFFAIRS OF THE
DC CHARTERED HEALTH PLAN, INC.

NAIC Group Code	0000	0000	NAIC Company Code	95748	Employer's ID Number	52-1482499
	(Current Period)	(Prior Period)				
Organized under the Laws of	District of Columbia		State of Domicile or Port of Entry	District of Columbia		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[]		Property/Casualty[]	Hospital, Medical & Dental Service or Indemnity[]		
	Dental Service Corporation[]		Vision Service Corporation[]	Health Maintenance Organization[X]		
	Other[]		Is HMO Federally Qualified? Yes[] No[X] N/A[]			
Incorporated/Organized	09/12/1986		Commenced Business	09/12/1986		
Statutory Home Office	1120 Vermont Avenue NW		Washington, DC, US 20005			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	1120 Vermont Avenue NW		Washington, DC, US 20005			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Mail Address	1120 Vermont Avenue NW		(202)326-8924			
	(Street and Number or P.O. Box)		(Area Code) (Telephone Number)			
Primary Location of Books and Records	Washington, DC, US 20005		Washington, DC, US 20005			
	(City or Town, State, Country and Zip Code)		(City or Town, State, Country and Zip Code)			
Internet Website Address	www.chartered-health.com		(202)326-8924			
			(Area Code) (Telephone Number)			
Statutory Statement Contact	Edward Frederick Oswald		(202)326-8924			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	eoswald@chartered-health.com		(202)326-8924			
	(E-Mail Address)		(Area Code) (Telephone Number) (Extension)			

OFFICERS

OTHERS

Danell Lawrence Watkins, Special Deputy to the Rehabilitator for DC Charter #

DIRECTORS OR TRUSTEES

State of District of Columbia
County of _____ ss

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

(Signature)
Daniel Lawrence Watkins
(Printed Name)
1.
Special Deputy Rehabilitator
(Title)

(Signature)
Edward Frederick Oswald
(Printed Name)
2.
Interim CFO
(Title)

(Signature)

(Printed Name)
3.

(Title)

Subscribed and sworn to before me this _____ day of _____, 2014

- a. Is this an original filing?
b. If no, 1. State the amendment number
2. Date filed
3. Number of pages attached

Yes[X] No[]

(Notary Public Signature)

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)				13,479,363
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....3,709,968, Schedule E Part 1), cash equivalents (\$.....6,142,654, Schedule E Part 2) and short-term investments (\$.....0, Schedule DA)	9,852,622		9,852,622	4,821,623
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	9,852,622		9,852,622	18,300,986
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued				136,847
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				5,164,863
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				32,000,000
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	143,039		143,039	351,586
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				146,063
21. Furniture and equipment, including health care delivery assets (\$.....0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$.....0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	127,963	127,963	0	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	10,123,623	127,963	9,995,660	56,100,345
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	10,123,623	127,963	9,995,660	56,100,345
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. PREPAIDS	123,963	123,963	0	
2502. OTHER RECEIVABLES				
2503. ACCOUNTS RECEIVABLE - OTHER	4,000	4,000		
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	127,963	127,963	0	

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	10,767,051		10,767,051	47,889,416
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses				1,275,722
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act				5,000,000
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance				
9. General expenses due or accrued	10,377,063		10,377,063	11,270,616
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				28,217
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates				
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$.....0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				
23. Aggregate write-ins for other liabilities (including \$.....0 current)				247,480
24. TOTAL Liabilities (Lines 1 to 23)	21,144,114		21,144,114	65,711,451
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X	100	100
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X	4,690,419	4,690,419
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	(15,838,973)	(14,301,625)
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2 .....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	(11,148,454)	(9,611,106)
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	9,995,660	56,100,345
DETAILS OF WRITE-INS				
2301. UNCLAIMED CHECKS				247,480
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				247,480
2501.	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	418,165	1,315,078
2. Net premium income (including \$.....0 non-health premium income)	X X X	117,391,081	398,256,303
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X	(589,913)	
8. TOTAL Revenues (Lines 2 to 7)	X X X	116,801,168	398,256,303
Hospital and Medical:			
9. Hospital/medical benefits		48,564,072	164,745,313
10. Other professional services		28,719,788	78,536,768
11. Outside referrals			
12. Emergency room and out-of-area		19,849,134	61,167,510
13. Prescription drugs		11,486,106	53,403,020
14. Aggregate write-ins for other hospital and medical		1,041,683	2,316,744
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		109,660,783	360,169,355
Less:			
17. Net reinsurance recoveries		993,575	619,220
18. TOTAL Hospital and Medical (Lines 16 minus 17)		108,667,208	359,550,135
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....2,247,042 cost containment expenses		3,001,242	13,369,721
21. General administrative expenses		17,721,345	34,321,277
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)		(5,000,000)	5,000,000
23. TOTAL Underwriting Deductions (Lines 18 through 22)		124,389,794	412,241,133
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(7,588,627)	(13,984,830)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		94,510	268,434
26. Net realized capital gains (losses) less capital gains tax of \$.....0			(188,599)
27. Net investment gains (losses) (Lines 25 plus 26)		94,510	79,835
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....15,975,610) (amount charged off \$.....0)]		15,978,610	(6,000,000)
29. Aggregate write-ins for other income or expenses		(11,353,245)	(258,760)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(2,868,751)	(20,163,755)
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	(2,868,751)	(20,163,755)
DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701. Realized Loss on disposal of Fixed Assets	X X X	(589,913)	
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X	(589,913)	
1401. OTHER MEDICAL CLAIMS - DME		1,041,683	2,316,744
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		1,041,683	2,316,744
2901. Dental Settlement with DCHF			(8,427)
2902. Write-off balances - Notes Receivable and AR - Other		(70,224)	31,807
2903. Write-off balances Due To/From Parent			(282,140)
2998. Summary of remaining write-ins for Line 29 from overflow page		(11,283,021)	
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)		(11,353,245)	(258,760)

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	(9,611,106)	5,948,445
34.	Net income or (loss) from Line 32	(2,868,751)	(20,163,755)
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	1,331,402	4,603,204
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in	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		
48.	Net change in capital and surplus (Lines 34 to 47)	(1,537,348)	(15,560,551)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	(11,148,454)	(9,611,106)
DETAILS OF WRITE-INS			
4701.	.....	
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	165,534,554	381,422,122
2.	Net investment income	231,357	254,270
3.	Miscellaneous income	(589,913)	
4.	Total (Lines 1 through 3)	165,175,999	381,676,392
5.	Benefit and loss related payments	140,581,025	357,310,956
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	34,245,106	49,992,662
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	174,826,131	407,303,618
11.	Net cash from operations (Line 4 minus Line 10)	(9,650,133)	(15,627,226)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	13,979,364	5,189,260
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		13,283
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	13,979,364	5,202,543
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	500,000	3,642,667
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	500,000	3,642,667
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	13,479,364	1,559,876
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock	0	
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	1,201,769	1,913,653
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	1,201,769	1,913,653
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	5,031,000	(12,153,697)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	4,821,621	16,975,318
19.2	End of year (Line 18 plus Line 19.1)	9,852,621	4,821,621

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	Long-term CDARs were reported as cash in the 12/31/11 annual statement - this was corrected in the 1		
20.0002	Notes Receivable were reported as aggregate write-ins at 12/31/11 - at 3/31/12 a reclassification wa		

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	117,391,081	4,698,790						112,692,291		
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										
4. Risk revenue										
5. Aggregate write-ins for other health care related revenues	(589,913)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6. Aggregate write-ins for other non-health care related revenues										
7. TOTAL Revenues (Lines 1 to 6)	116,801,168	4,698,790						112,692,291		(589,913)
8. Hospital/medical benefits	48,564,072	2,333,522						46,230,550		XXX
9. Other professional services	28,719,788	3,144,506						25,575,283		XXX
10. Outside referrals										XXX
11. Emergency room and out-of-area	19,849,134	63,063						19,786,071		XXX
12. Prescription drugs	11,486,106	165,622						11,320,484		XXX
13. Aggregate write-ins for other hospital and medical	1,041,583	122,986						918,687		XXX
14. Incentive pool, withhold adjustments and bonus amounts										XXX
15. Subtotal (Lines 8 to 14)	109,680,763	5,829,709						103,851,074		XXX
16. Net reinsurance recoveries	993,575							993,575		XXX
17. TOTAL Hospital and Medical (Lines 15 minus 16)	108,687,208	5,829,709	XXX	XXX	XXX	XXX	XXX	102,837,498	XXX	XXX
18. Non-health claims (net)										
19. Claims adjustment expenses including \$.....2,247,042 cost containment expenses	3,001,242	161,009						2,840,234		
20. General administrative expenses	17,721,345	950,703						16,770,641		
21. Increase in reserves for accident and health contracts	(5,000,000)	(283,021)						(4,716,979)		XXX
22. Increase in reserves for life contracts			XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. TOTAL Underwriting Deductions (Lines 17 to 22)	124,388,794	6,559,400	XXX	XXX	XXX	XXX	XXX	117,731,394	XXX	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(7,588,627)	(1,959,610)						(5,039,103)		(589,913)
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598.										XXX
0599.										XXX
0601.										XXX
0602.										XXX
0603.										XXX
0698.										XXX
0699.										XXX
1301.										XXX
1302.										XXX
1303.										XXX
1398.										XXX
1399.										XXX

UNDERWRITING AND INVESTMENT EXHIBIT **PART 1 - PREMIUMS**

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)	4,698,790			4,698,790
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid	113,171,146		478,856	112,692,291
8. Other health				
9. Health subtotal (Lines 1 through 8)	117,869,936		478,856	117,391,081
10. Life				
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	117,869,936		478,856	117,391,081

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	146,783,147	7,962,826						138,820,321		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	1,202,123							1,202,123		
1.4 Net	145,581,024	7,962,826						137,618,198		
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	10,767,051	577,624						10,189,427		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	10,767,051	577,624						10,189,427		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year	143,039							143,039		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	47,889,416	2,710,741						45,178,675		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	47,889,416	2,710,741						45,178,675		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year	351,586							351,586		
12. Incurred benefits:										
12.1 Direct	108,660,782	5,829,709						103,831,073		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	993,576							993,576		
12.4 Net	108,667,206	5,829,709						102,837,497		
13. Incurred medical incentive pools and bonuses										

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT **PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (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	10,767,051	577,624						10,189,427		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	10,767,051	577,624						10,189,427		
2. Incurred but Unreported:										
2.1 Direct										
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net										
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	10,767,051	577,624						10,189,427		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	10,767,051	577,624						10,189,427		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	2,471,913	5,490,914	127,111	450,513	2,599,024	2,710,741
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare	54,223,335	83,603,411	2,242,271	7,947,156	56,465,606	45,178,675
7. Title XIX - Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)	56,695,248	89,094,325	2,369,382	8,397,669	59,064,630	47,889,416
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pool and bonus amounts						
13. TOTALS (Lines 9 - 10 + 11 + 12)	56,695,248	89,094,325	2,369,382	8,397,669	59,064,630	47,889,416

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

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	23,564	23,376	23,376	23,376	23,376
2. 2009	186,911	216,775	218,486	218,489	218,444
3. 2010	X X X	230,729	262,606	261,921	261,512
4. 2011	X X X	X X X	301,440	341,832	341,091
5. 2012	X X X	X X X	X X X	314,970	372,839
6. 2013	X X X	X X X	X X X	X X X	89,085

Section B - Incurred Health Claims

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 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	23,565	23,377	23,376	23,376	23,376
2. 2009	211,634	216,775	218,486	218,489	218,444
3. 2010	X X X	262,161	262,606	261,921	261,512
4. 2011	X X X	X X X	344,440	341,832	341,091
5. 2012	X X X	X X X	X X X	362,860	375,208
6. 2013	X X X	X X X	X X X	X X X	97,492

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2009	229,536	218,444	19,150	8.767	237,594	103.511			237,594	103.511
2. 2010	286,733	261,512	7,276	2.782	268,788	90.582			268,788	90.582
3. 2011	383,743	341,091	12,275	3.599	353,366	92.084			353,366	92.084
4. 2012	398,256	372,839	12,541	3.364	385,380	96.767	2,369		387,749	97.362
5. 2013	117,391	89,085	3,184	3.574	92,279	78.608	8,397		100,676	85.761

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Hospital and Medical

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	2,930	2,650	2,650	2,650	2,650
2. 2009	34,308	37,809	37,753	37,732	37,722
3. 2010	X X X	34,082	36,263	36,261	36,112
4. 2011	X X X	X X X	20,898	24,184	24,260
5. 2012	X X X	X X X	X X X	17,287	19,842
6. 2013	X X X	X X X	X X X	X X X	5,492

Section B - Incurred Health Claims

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 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	2,930	2,650	2,650	2,650	2,650
2. 2009	38,340	37,809	37,753	37,732	37,722
3. 2010	X X X	36,690	36,263	36,261	36,112
4. 2011	X X X	X X X	23,807	24,184	24,260
5. 2012	X X X	X X X	X X X	19,998	19,969
6. 2013	X X X	X X X	X X X	X X X	5,942

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	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. 2009	46,883	37,722	4,434	11.754	42,156	89.917			42,156	89.917
2. 2010	41,739	36,112	1,245	3.447	37,357	89.501			37,357	89.501
3. 2011	26,924	24,260	894	3.684	25,154	93.425			25,154	93.425
4. 2012	21,486	19,842	898	3.518	20,540	95.598	127		20,667	96.189
5. 2013	4,699	5,492	181	3.292	5,673	120.723	450		6,123	130.299

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
-
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	20,634	20,726	20,726	20,726	20,726
2. 2009	152,603	178,966	180,733	180,737	180,722
3. 2010	X X X	196,647	226,343	225,660	225,400
4. 2011	X X X	X X X	280,542	317,648	316,831
5. 2012	X X X	X X X	X X X	297,683	352,997
6. 2013	X X X	X X X	X X X	X X X	83,603

Section B - Incurred Health Claims

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 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	20,635	20,727	20,726	20,726	20,726
2. 2009	173,294	178,966	180,733	180,737	180,722
3. 2010	X X X	225,471	226,343	225,660	225,400
4. 2011	X X X	X X X	320,633	317,648	316,831
5. 2012	X X X	X X X	X X X	342,862	355,238
6. 2013	X X X	X X X	X X X	X X X	91,550

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2009	182,653	180,722	14,717	8.143	195,439	107,000			195,439	107,000
2. 2010	254,994	225,400	6,031	2.676	231,431	90,760			231,431	90,760
3. 2011	356,819	316,831	11,381	3.592	328,212	91,983			328,212	91,983
4. 2012	376,770	352,997	11,842	3.355	364,839	96,833	2,242		367,081	97,429
5. 2013	112,692	83,603	3,003	3.592	86,606	76,852	7,947		94,553	83,904

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT **PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	140,808	52,050	1,279,421		1,472,278
2. Salaries, wages and other benefits	979,927	271,863	2,715,263		3,967,052
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)					
4. Legal fees and expenses			4,209,120		4,209,120
5. Certifications and accreditation fees	8,670		4,235		12,905
6. Auditing, actuarial and other consulting services	1,032,346	447,418	4,455,142		5,934,906
7. Traveling expenses	1,105	350	89,087		90,541
8. Marketing and advertising	146		54,168		54,314
9. Postage, express and telephone	4,539	3,340	130,107		137,986
10. Printing and office supplies	2,148	2,268	167,875		172,291
11. Occupancy, depreciation and amortization	73		1,048,074		1,048,147
12. Equipment			3,843		3,843
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services		(184,028)	26,882		(157,146)
15. Boards, bureaus and association fees			17,795		17,795
16. Insurance, except on real estate			534,024		534,024
17. Collection and bank service charges				22,104	22,104
18. Group service and administration fees					
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			2,319,310		2,319,310
23.3 Regulatory authority licenses and fees		137,209	325,008		462,217
23.4 Payroll taxes	77,281	23,730	221,487		322,499
23.5 Other (excluding federal income and real estate taxes)			100,200		100,200
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses			20,305		20,305
26. TOTAL Expenses Incurred (Lines 1 to 25)	2,247,042	754,201	17,721,345	22,104	(a) 20,744,690
27. Less expenses unpaid December 31, current year			10,377,063		10,377,063
28. Add expenses unpaid December 31, prior year		1,275,722	11,270,616		12,546,338
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	2,247,042	2,029,923	18,614,897	22,104	22,913,966
DETAILS OF WRITE-INS					
2501. INTEREST EXPENSE			14,032		14,032
2502. MISCELLANEOUS EXPENSE			3,500		3,500
2503. LATE FEES			2,773		2,773
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			20,305		20,305

(a) Includes management fees of \$.....1,472,128 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 235,472	100,511
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) 16,103	16,103
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	251,575	116,614
11. Investment expenses		(g) 22,104
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		22,104
17. Net investment income (Line 10 minus Line 16)		94,510
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)		
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.		
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.		
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.		
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.		
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.		
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

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

EXHIBIT OF NONADMITTED 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)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties held for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)			
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection			
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3	Accrued retrospective premiums			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers			
16.2	Funds held by or deposited with reinsured companies			
16.3	Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset			
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software		133,978	133,978
21.	Furniture and equipment, including health care delivery assets		315,697	315,697
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates			
24.	Health care and other amounts receivable		100,000	100,000
25.	Aggregate write-ins for other than invested assets	127,963	909,690	781,727
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	127,963	1,459,365	1,331,402
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	Total (Lines 26 and 27)	127,963	1,459,365	1,331,402
DETAILS OF WRITE-INS				
1101.	.....		
1102.	.....		
1103.	.....		
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.	PREPAIDS	123,963	747,235	623,272
2502.	DEPOSITS		132,837	132,837
2503.	ACCOUNTS RECEIVABLE - OTHER	4,000	29,369	25,369
2598.	Summary of remaining write-ins for Line 25 from overflow page		250	250
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	127,963	909,690	781,727

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

		Total Members at End of				6
		1	2	3	4	5
		Prior Year	First Quarter	Second Quarter	Third Quarter	Current Year
						Member Months
Source of Enrollment						
1.	Health Maintenance Organizations	109,373	103,367			418,165
2.	Provider Service Organizations					
3.	Preferred Provider Organizations					
4.	Point of Service					
5.	Indemnity Only					
6.	Aggregate write-ins for other lines of business					
7.	TOTAL	109,373	103,367			418,165
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698.	Summary of remaining write-ins for Line 6 from overflow page					
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)					

18 Exhibit 2 - Accident and Health Premiums NONE

19 Exhibit 3 - Health Care Receivables NONE

EXHIBIT 3A - ANALYSIS OF HEALTH CARE RECEIVABLES COLLECTED AND ACCRUED

	Health Care Receivables Collected During the Year		Health Care Receivables Accrued as of December 31 of Current Year		5 Health Care Receivables in Prior Years (Columns 1 + 3)	6 Estimated Health Care Receivables Accrued as of December 31 of Prior Year
	1 On Amounts Accrued Prior to January 1 of Current Year	2 On Amounts Accrued During the Year	3 On Amounts Accrued December 31 of Prior Year	4 On Amounts Accrued During the Year		
Type of Health Care Receivable						
1. Pharmaceutical rebate receivables						
2. Claim overpayment receivables						
3. Loans and advances to providers	100,000				100,000	100,000
4. Capitation arrangement receivables						
5. Risk sharing receivables						
6. Other health care receivables						
7. TOTALS (Lines 1 through 6)	100,000				100,000	100,000

Note that the accrued amounts in Columns 3, 4, and 6 are the total health care receivables, not just the admitted portion.

EXHIBIT 4 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Individually Listed Claims Unpaid						
Medstar					1,321,000	1,321,000
0198999 Total - Individually Listed Claims Unpaid					1,321,000	1,321,000
0398998 Aggregate Accounts Not Individually Listed - Covered					9,446,051	9,446,051
0498999 Subtotals					10,767,051	10,767,051
0798999 Total Claims Unpaid					10,767,051	10,767,051
0898999 Accrued Medical Incentive Pool and Bonus Amounts						

22 Exhibit 5 - Amounts Due From Parent NONE

23 Exhibit 6 - Amounts Due to Parent NONE

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

1	2	3	4	5	6
Payment Method	Direct Medical Expense Payment	Column 1 as a % of Total Payments	Total Members Covered	Column 3 as a % of Total Members	Column 1 Expenses Paid to Affiliated Providers
Capitation Payments:					
1. Medical groups	2,776,034	1.891	100,853		2,776,034
2. Intermediaries					
3. All other providers	1,858,064	1.266	100,853		1,858,064
4. TOTAL Capitation Payments	4,634,098	3.157	201,706		4,634,098
Other Payments:					
5. Fee-for-service					
6. Contractual fee payments	22,940,520	15.629	XXX	XXX	22,940,520
7. Bonus/withhold arrangements - fee-for-service	119,208,530	81.214	XXX	XXX	119,208,530
8. Bonus/withhold arrangements - contractual fee payments			XXX	XXX	
9. Non-contingent salaries			XXX	XXX	
10. Aggregate cost arrangements			XXX	XXX	
11. All other payments			XXX	XXX	
12. TOTAL Other Payments	142,149,050	86.843	XXX	XXX	142,149,050
13. TOTAL (Line 4 plus Line 12)	146,783,148	100.000	XXX	XXX	146,783,148

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1	2	3	4	5	6
NAIC Code	Name of Intermediary	Capitation Paid	Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
NONE					
9999999 Totals			XXX	XXX	XXX

EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

	1	2	3	4	5	6
	Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1. Administrative furniture and equipment	NONE					
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment						
6. TOTAL						

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of DC Chartered Health Plan (Chartered) are presented on the basis of accounting practices prescribed or permitted by the District of Columbia Department of Insurance, Securities and Banking (DISB).

The DISB recognizes only statutory accounting practices prescribed or permitted by the District of Columbia (District) for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the District of Columbia Insurance Code. The DISB has adopted the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* as a component of prescribed and permitted practices for the District. The DISB has the right to permit specific practices that deviate from prescribed practices. There is no deviation from the NAIC *Accounting Practices and Procedures Manual*.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the District of Columbia Department of Insurance, Securities and Banking is shown below:

		State of Domicile	2013	2012
NET INCOME				
(1)	State basis (Page 4, Line 32, Columns 2 & 3)	DC	\$(2,868,750)	\$(20,163,755)
(2)	State Prescribed Practices that increase/(decrease) NAIC SAP:			
(201)				
(299)	Total		\$0	\$0
(3)	State Permitted Practices that increase/(decrease) NAIC SAP:			
(301)				
(399)	Total		\$0	\$0
(4)	NAIC SAP (1-2-3=4)		\$(2,868,750)	\$(20,163,755)
SURPLUS				
(5)	State basis (Page 3, Line 33, Columns 3 & 4)	DC	\$(11,148,454)	\$(9,611,106)
(6)	State Prescribed Practices that increase/(decrease) NAIC SAP:			
(601)				
(699)	Total		\$0	\$0
(7)	State Permitted Practices that increase/(decrease) NAIC SAP:			
(701)				
(799)	Total		\$0	\$0
(8)	NAIC SAP (5-6-7=8)		\$(11,148,454)	\$(9,611,106)

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

The preparation of the 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

Chartered writes only Medicaid contracts primarily through a contract with the District of Columbia Department of Health (DOH). Medicaid premiums from the DOH are due monthly and are recognized as revenue during the period in which Chartered is obligated to provide service to members.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments – None
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific interest method.

Notes to Financial Statements

- (3) Common stocks – None
- (4) Preferred stocks – None
- (5) Mortgage loans on real estate – None
- (6) Loan-backed securities – None
- (7) Investments in subsidiaries, controlled or affiliated companies – None
- (8) Investments in joint ventures, partnerships and limited liability companies – None
- (9) Derivatives instruments – None
- (10) Chartered does not carry a premium deficiency reserve and consequently does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11) Medical and hospital costs are accrued based on claims received but unpaid and an estimate for claims incurred but not yet received (IBNR). These estimates are projected through an actuarial model, which calculates the outstanding liability based on payment trends and membership. Chartered uses actuarially sound methodologies developed by its actuarial consultants, OptumInsight, to calculate its medical liability. Claims and claims adjustment expenses are expensed as incurred. The Company establishes an unpaid claims liability for claims in the process of review and for claims incurred but not reported. The liability for claims incurred but not reported is actuarially estimated based on the most current historical claims experience, changes in number of members and participants and estimates of health care trend (cost, utilization and intensity of services) changes. Estimates for claims incurred but not reported are continually reviewed and revised as changes in these factors occur and revisions are reflected in the current year's statements of revenue and expenses.
- (12) Chartered has not modified its capitalization policy from the prior period.
- (13) The Company does not have any Pharmacy rebate receivables.

2. Accounting Changes and Corrections of Errors

None

3. Business Combinations and Goodwill

- A. Statutory Purchase Method - None
- B. Statutory Merger - None
- C. Assumption Reinsurance – None
- D. Impairment Loss – None

4. Discontinued Operations

On October 19, 2012, Chartered was placed into court-supervised rehabilitation with the consent of Chartered's Board of Directors and its owner. The Commissioner of the Department of Insurance, Securities and Banking of the District of Columbia ("DISB") was appointed Rehabilitator. Chartered entered into an Asset Purchase Agreement on February 8, 2013 with AmeriHealth District of Columbia, Inc. for the sale of substantially all of Chartered's operating assets and transfer of various contractual agreements. The sale closed on April 30, 2013 and at that time all of Chartered's Medicaid and Alliance enrollees were transferred to AmeriHealth District of Columbia, Inc. In keeping with these developments, Chartered elected to not bid on the District's Department of Healthcare Finance's (DHCF) request for proposals for new contracts that would have taken effect after April 30, 2013. As a consequence, Chartered ceased participation in the DHCF's Medicaid and Alliance programs on April 30, 2013.

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans – None
- B. Debt Restructuring – None
- C. Reverse Mortgages – None
- D. Loan-Backed Securities – None
- E. Repurchase Agreements and/or Securities Lending Transactions – None
- F. Real Estate – None
- G. Low-Income Housing Tax Credits (LIHTC) – None

Notes to Financial Statements

H. Restricted Assets – None

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Chartered has no investments in joint ventures, partnerships or limited liability companies.

B. The Company does not have any impaired Joint Ventures, Partnerships and Limited Liability Companies.

7. Investment Income

A. Due and accrued income was excluded from surplus on the following basis:

All investment income due or accrued with amounts that are over 90 days past due, with the exception of mortgage loans in default, are excluded from surplus.

B. The Company has no investment income due and accrued excluded from surplus.

8. Derivative Instruments

None

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.

Description	12/31/2013			12/31/2012			Change		
	1 Ordinary	2 Capital	3 (Col. 1 + 2) Total	4 Ordinary	5 Capital	6 (Col. 4 + 5) Total	7 (Col. 1 - 4) Ordinary	8 (Col. 2 - 5) Capital	9 (Col. 7 + 8) Total
a. Gross Deferred Tax Assets	12,672,378		12,672,378	12,184,918		12,184,918	487,460		487,460
b. Statutory Valuation Allowance Adjustments	12,672,378		12,672,378	12,184,918		12,184,918	487,460		487,460
c. Adjusted Gross Deferred Tax Assets (1a - 1b)									
d. Deferred Tax Assets Non-admitted									
e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d)									
f. Deferred Tax Liabilities									
g. Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)									

2.

Description	12/31/2013			12/31/2012			Change		
	1 Ordinary	2 Capital	3 (Col. 1 + 2) Total	4 Ordinary	5 Capital	6 (Col. 4 + 5) Total	7 (Col. 1 - 4) Ordinary	8 (Col. 2 - 5) Capital	9 (Col. 7 + 8) Total
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks									
b. Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2a Above) After Application Of The Threshold Limitation (The Lesser of 2b1 and 2b2 below)									
b1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date									
b2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX		XXX	XXX		XXX	XXX	
c. Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2a and 2b Above) Offset by Gross Deferred Tax Liabilities									
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2a + 2b - 2c)									

3.

Description		2013	2012
a.	Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount	-32%	-66%
b.	Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation in 2(b)2 Above	(4,611,106)	(9,757,169)

Notes to Financial Statements

4.

Description	12/31/2013			12/31/2012			Change		
	1 Ordinary Percent	2 Capital Percent	3 (Col. 1 + 2) Total Percent	4 Ordinary Percent	5 Capital Percent	6 (Col. 4 + 5) Total Percent	7 (Col. 1 - 4) Ordinary Percent	8 (Col. 2 - 5) Capital Percent	9 (Col. 7 + 8) Total Percent
Impact of Tax Planning Strategies									
a. Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0	0	0	0	0	0	0	0	0
b. Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0	0	0	0	0	0	0	0	0
c. Does the Company's tax-planning strategies include the use of reinsurance? (Yes / No)	No								

B. Regarding deferred tax liabilities that are not recognized: None

C. Current income taxes incurred consist of the following major components:

Description	1	2	3
	12/31/2013	12/31/2012	(Col. 1 - 2) Change
1. Current Income Tax			
a. Federal		0	
b. Foreign			
c. Subtotal			
d. Federal income tax on net capital gains			
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and foreign income taxes incurred			
2. Deferred Tax Assets:			
a. Ordinary			
1. Discounting of unpaid losses	69,800	318,723	(248,923)
2. Unearned premium reserve			
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets	19,333	906,149	(886,816)
8. Compensation and benefits accrual			
9. Pension accrual			
10. Receivables - nonadmitted	44,787	561,899	(517,112)
11. Net operating loss carry-forward	10,974,262	7,028,143	3,946,119
12. Tax credit carry-forward			
13. Other (including items < 5% of total ordinary tax assets)	1,564,196	3,370,004	(1,805,808)
99. Subtotal	12,672,378	12,184,918	487,460
b. Statutory valuation allowance adjustment	12,672,378	12,184,918	487,460
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99 - 2b - 2c)			
e. Capital:			
1. Investments			
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items < 5% of total capital tax assets)			
99. Subtotal			
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99 - 2f - 2g)			
i. Admitted deferred tax assets (2d + 2h)			
3. Deferred Tax Liabilities:			
a. Ordinary			
1. Investments			
2. Fixed assets			
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (including items < 5% of total ordinary tax liabilities)			
99. Subtotal			
b. Capital:			
1. Investments			
2. Real estate			
3. Other (including items < 5% of total capital tax liabilities)			
99. Subtotal			
c. Deferred tax liabilities (3a99 + 3b99)			

Notes to Financial Statements

4.	Net deferred tax assets/liabilities (2i – 3c)			
----	---	--	--	--

D. Significant book to tax adjustments were the following:

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

Description	Amount	Tax Effect @ 35%	Effective Tax Rate
Income before taxes	(2,868,750)	(1,004,063)	35%
DRD deduction and tax exempt interest, net			0%
Prior year under accrual/(overaccrual)			0%
Change in nonadmitted assets	1,477,463	517,112	(18.03%)
Meals and Entertainment	6,772	2,370	(.08%)
Change in valuation allowance	1,392,743	487,460	(16.99%)
Other	(8,228)	(2,880)	.10%
Total	0	0	0.00%
Federal income tax incurred			0%
Tax on capital gains			0%
Change in net deferred income tax			0%
Total statutory income taxes			0%

E. Other Disclosures:

- As of December 31, 2013, the Company has \$31.3 million of net operating loss carryforwards.
- The following are income taxes incurred in the current and prior years which would be available for recoupment in the event of future net losses:

2013	\$-
2012	\$-
2011	\$-
- The Company has no deposits admitted under Section 6603 of the Internal Revenue Service Code.

F. Consolidated Federal Income Tax Return

In accordance with its tax allocation agreement with DCHSI, Chartered is to be included in consolidated federal and state income tax returns with DCHSI, using an April 30 fiscal year-end. Deferred tax assets, deferred tax liabilities, and income tax expense or benefit associated with Chartered have been provided for on a separate company basis. In addition, Chartered determines its deferred income taxes on a separate company basis and remits its estimated tax payment to DCHSI. DCHSI, including Chartered, is believed by management to have filed federal income tax returns through April 30, 2010. It is management's understanding that tax returns for fiscal years ended April 30, 2011, 2012 and 2013 have not been filed with the Internal Revenue Service, as of the date of this report.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

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

A. – C.

Chartered is a wholly-owned subsidiary of DC Healthcare Systems, Inc. (DCHSI). All outstanding shares of Chartered are owned by the parent company, DCHSI, a holding company domiciled in the District of Columbia. Chartered holds no assets or shares of stock of DCHSI.

- As of reporting period ending December 31, 2013, Chartered had entered into no related-party transactions, with the exception of Chartered's lease of its building at 1025 15th Street, NW in Washington, DC from DCHSI. The lease expires June, 2014, however, Chartered vacated the building in May, 2013. Prior to 2013, Chartered engaged in numerous related-party transactions over a period of many years. These transactions included various services arrangements with certain related parties, including Chartered Family Health Center and DCHSI. Chartered has not been able to substantiate certain of these related-party transactions. Consequently, Chartered has evaluated known related-party receivables for collectability and has elected to charge them off to expense. For the period ended December 31, 2013 and the year ended December 31, 2012, Chartered recognized bad debt expense of \$12,200,294 and \$8,427, respectively, related to related-party balances which are reflected in the Statutory Statements of Operations.

- There are no guarantees or undertakings that exist with affiliates or non-affiliates that would expose the Company's assets or liabilities.

Notes to Financial Statements

F. Office Lease Agreement

On August 8, 2003, Chartered entered into a lease agreement for office space at 1025 15th Street NW, Washington, DC to house its headquarters in a building owned by DCHSI. The lease is a triple net lease for approximately 32,660 square feet of space at \$25 per square foot. It has a term of 10 years at an annual payment rate of \$816,500, plus a 2.5% annual increase on the base rent. The lease commenced July 1, 2004 and will expire June 30, 2014. Chartered vacated the building in May, 2013 and accrued \$1,057,615 for estimated unpaid lease expense through June, 2014.

G. Chartered is a wholly owned subsidiary of DCHSI.

H. The Company had no ownership in any upstream intermediate entities or ultimate parent companies owned.

I. Investment in SCA – None

J. Investment in impaired SCA – None

K. Investment in Foreign Insurance Subsidiary – None

L. Investments in Downstream Noninsurance Holding Company – None

11. Debt

A. Outstanding Debt – None

B. FHLB (Federal Home Loan Bank) Agreements – None

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

A. Defined Benefit Plan – None

B. Defined Contribution Plan - None

Chartered adopted a 401(k) Plan for its employees in April 2000. Employees are eligible to participate in the Plan if they are at least 21 years of age and have worked 90 days or longer at Chartered. Employees may contribute a certain percentage of eligible salary on a pre-tax basis. In 2004, Chartered decided to offer its employees a discretionary matching contribution up to 12% of each employee 401(k) contribution amount. Chartered contributed \$10,090 to the Plan for the year ended December 31, 2013. With Superior Court approval, Chartered terminated its 401(k) plan effective 5/31/13.

C. Multi-Employer Plan – None

D. Consolidated/Holding Company Plans – None

E. Post-Employment Benefits and Compensated Absences – None

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – None

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

1. Chartered has 1,000 shares of common stock issued and outstanding at December 31, 2013 with a par value of \$0.10 each.
2. Chartered has not issued any preferred stock.
3. Chartered has no dividend restrictions other than imposed by DISB statutes.
4. DCCHP did not declare or pay dividends during 2012 and 2013.
5. None
6. There were no restrictions placed on the Chartered's surplus.
7. None
8. Chartered has no stock held for special purposes.
9. Chartered had no changes in the balance of special surplus funds from the prior year.
10. Unassigned funds (surplus) were increases as follows: None
11. Chartered did not have any surplus notes issued or outstanding as of December 31, 2013.
12. No quasi-reorganizations have taken place as of December 31, 2013.
13. No quasi-reorganizations have taken place as of December 31, 2013.

Notes to Financial Statements

14. Contingencies

- A. Contingent Commitments – None
- B. Assessments – None
- C. Gain Contingencies – None
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits – None
- E. All Other Contingencies – None

15. Leases

A. Lessee Operating Lease

- (1) Chartered is obligated under a non-cancelable operating leases for office space and office equipment. Total rent expense was \$1,472,128 and \$1,239,438 for the years ended December 31, 2013 and 2012, respectively. The Company only paid \$414,513 of the \$1,472,128 during 2013. It went ahead and recognized the future rental commitments through June 2014 in the 2013 financials.

- (2) At December 31, 2013, the minimum aggregate rental commitments are as follows:

2014	1,102,604
2015	
2016	
2017	
2018	
Total	<u>1,102,604</u>

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

B. Lessor Leases – None

16. About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables reported as Sales – None
- B. Transfer and Servicing of Financial Assets – None
- C. Wash Sales – None

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

- A. ASO Plans – None
- B. ASC Plans – None
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract – None

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

None

20. Fair Value Measurements

A. Fair Market Value at Reporting Date

- 1. Fair Value Measurements at Reporting Date – None
- 2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy – None
- 3. The Company does not have any securities valued at fair value.
- 4. The Company has not valued any securities at a Level 3.
- 5. Derivative assets and liabilities – None

Notes to Financial Statements

B. Fair Value information under SSAP No. 100 combined with Fair Value information Under Other Accounting Pronouncements – None

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash Equivalents	\$6,142,654	\$6,142,654	\$0	\$6,142,654	\$0	\$0

D. Not Practicable to Estimate Fair Value – None

21. Other Items

- A. Extraordinary Items – None
- B. Troubled Debt Restructuring – None
- C. Other Disclosures and Unusual Items – None
- D. Business Interruption Insurance Recoveries – None
- E. State Transferable and Non-transferable Tax Credits – None
- F. Subprime-Mortgage-Related Risk Exposure – None
- G. Retained Assets – None
- H. Offsetting and Netting of Assets and Liabilities – None
- I. Joint and Several Liabilities - None

22. Events Subsequent**Type I – Recognized Subsequent Events**

Subsequent events have been considered through 3/15/2014 for the statutory statement issued on December 31, 2013.

None

Type II – Nonrecognized Subsequent Events

Subsequent events have been considered through 3/15/2014 for the statutory statement issued on December 31, 2013.

None

Since the Company no longer has any written premiums, the Company will not be subject to an annual fee under section 9010 of the Affordable Care Act (ACA).

- A. ACA fee assessment payable \$0
- B. Assessment expect to impact RBC 0%

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, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (X)

Notes to Financial Statements**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 credits?

Yes () No (X)

- (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 reinsured policies?

Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

- (1) The estimated amount of the aggregate reduction in surplus, of termination of ALL reinsurance agreements, by either party, as of the date of this statement is zero.
- (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 (X)

B. Uncollectible Reinsurance – None

C. Commutation of Ceded Reinsurance – None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

None

25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2012 were \$47,889,416 for unpaid claims and \$1,275,722 for unpaid claims adjustment expenses. As of December 31, 2013, \$57,970,970 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Therefore there has been a \$11,175,215 unfavorable prior year development since December 31, 2012 to December 31, 2013. There are \$2,369,383 reserves remaining for prior years. The increase is a general the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes know regarding individual claims.

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

None

B. Risk Sharing Receivables

None

29. Participating Policies

None

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves
2. Date of the most recent evaluation of this liability

(1)
\$ 0
12/31/2013

3. Was anticipated investment income utilized in the calculation? (Yes / No)

No

Notes to Financial Statements

31. Anticipated Salvage and Subrogation

Chartered reduces its loss reserves for anticipate subrogation recoveries.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[]
If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
Dist. of Columbia
- 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[] No[X]
- 2.2 If yes, date of change: 12/31/2007
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2007
- 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). 12/31/2008
- 3.4 By what department or departments?
District of Columbia Department of Insurance and Securities Regulation
- 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[X] No[] N/A[]
- 3.6 Have all of the recommendations within the latest financial examination report been compiled with? Yes[X] No[] N/A[]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes[] No[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	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[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, 0.000%
7.21 State the percentage of foreign control
7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

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

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC
		Yes[] No[X] ..	Yes[] No[X] ..	Yes[] No[X] ..	Yes[] No[X] ..

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Brown Smith Wallace, LLC, 1050 N. Lindbergh Blvd., St. Louis, MO 63132
- 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 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 17A of the Model Regulation, or substantially similar state law or regulation? Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[] No[X] N/A[]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
On October 19, 2012 the Department of Insurance, Securities and Banking placed Chartered into court receivership as a result of the voluntary receivership action approved by the Company's Board of Directors and authorized by its owner. As a result of the receivership there is no longer a Board of Directors or Audit Committee.
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?

GENERAL INTERROGATORIES (Continued)

OPTUMINSIGHT, 12125 TECHNOLOGY DRIVE, EDEN PRAIRIE, MN

- 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 \$ 0
 12.13 Total book/adjusted carrying value 0
 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [] N/A [X]
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [] N/A [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?
 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: Yes [X] No []
 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). Yes [] No [X]
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 20.11 To directors or other officers \$ 0
 20.12 To stockholders not officers \$ 0
 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
 20.2 Total amount of loans outstanding at 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 \$ 0
 21.22 Borrowed from others \$ 0
 21.23 Leased from others \$ 0
 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
 22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment \$ 0
 22.22 Amount paid as expenses \$ 0
 22.23 Other amounts paid \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount \$ 0

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

GENERAL INTERROGATORIES (Continued)

- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- 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?
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.
 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.
 24.103 Total payable for securities lending reported on the liability page.

Yes ☐ No ☒ N/A ☒
 Yes ☐ No ☐ N/A ☒

Yes ☐ No ☐ N/A ☒

\$ 0
 \$ 0
 \$ 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 ☐ 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 Pledged as collateral
 25.26 Placed under option agreements
 25.27 Letter stock or securities restricted as to sale
 25.28 On deposit with state or other regulatory body
 25.29 Other

\$ 0
 \$ 0
 \$ 0
 \$ 0
 \$ 0
 \$ 0
 \$ 0
 \$ 0
 \$ 0

- 25.3 For category (25.27) 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 ☒

- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
 If no, attach a description with this statement.

Yes ☐ No ☒ N/A ☒

- 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 ☒

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

\$ 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes ☒ 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
CARDINAL BANK	8270 GREENSBORO DR. STE 500, MCLEAN, VA 22102
URBAN TRUST BANK	1350 I ST. NW, WASHINGTON, DC 20005
PREMIER BANK	1501 K ST. N.W., WASHINGTON, DC 20005

- 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 ☒

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)]?)

Yes ☐ No ☒

- 29.2 If yes, complete the following schedule:

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

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

GENERAL INTERROGATORIES (Continued)

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds			
30.2 Preferred stocks			
30.3 Totals			

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

All bonds are CDs and CDARs carried at cost which is obtained from the bank statements.

- 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 ☐ 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 ☐ No ☐ N/A ☒

- 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 Securities Valuation Office been followed?

Yes ☒ No ☐

- 32.2 If no, list exceptions:

OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$ 0

- 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	2
Name	Amount Paid

- 34.1 Amount of payments for legal expenses, if any?

\$ 5,268,262

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

1	2
Name	Amount Paid
FAEGRE BAKER DANIELS	2,326,224

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$ 0

- 35.2 List the name of 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	2
Name	Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes ☐ No ☒ 0
- 1.2 If yes, indicate premium earned on U.S. business only? \$ 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?
- 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 | 117,391,081 | 398,256,303 |
| 2.2 Premium Denominator | 117,391,081 | 398,256,303 |
| 2.3 Premium Ratio (2.1 / 2.2) | 1.000 | 1.000 |
| 2.4 Reserve Numerator | 10,767,051 | 52,889,416 |
| 2.5 Reserve Denominator | 10,767,051 | 52,889,416 |
| 2.6 Reserve Ratio (2.4 / 2.5) | 1.000 | 1.000 |
- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes ☐ No ☒
- 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 ☒ No ☐ N/A ☐
- 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 ☒ No ☐
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions): \$ 525,000
- 5.31 Comprehensive Medical \$ 0
- 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:
PROVIDERS' AGREEMENT CONTAINS HOLD HARMLESS CLAUSE. DC CHARTERED HEALTH PLAN HAS ACQUIRED INSOLVENCY PROTECTION AS PART OF THE STOP LOSS INSURANCE COVERAGE
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes ☒ 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 5,682
- 8.2 Number of providers at end of reporting year 0
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes ☐ No ☒
- 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
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes ☐ No ☒
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 0
- 10.22 Amount actually paid for year bonuses \$ 0
- 10.23 Maximum amount payable withholds \$ 0
- 10.24 Amount actually paid for year withholds \$ 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes ☐ No ☒
- 11.13 An Individual Practice Association (IPA), or, Yes ☐ No ☒
- 11.14 A Mixed Model (combination of above)? Yes ☐ No ☒
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes ☒ No ☐
- 11.3 If yes, show the name of the state requiring such net worth.
DISTRICT OF COLUMBIA
- 11.4 If yes, show the amount required. \$ 9,655,498
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes ☐ No ☒
- 11.6 If the amount is calculated, show the calculation.
200% of Authorized Control Level
12. List service areas in which the reporting entity is licensed to operate:
- | 1
Name of Service Area |
|---------------------------|
| DISTRICT OF COLUMBIA |
- 13.1 Do you act as a custodian for health savings accounts? Yes ☐ No ☒
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date: \$ 0
- 13.3 Do you act as an administrator for health savings accounts? Yes ☐ No ☒
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date: \$ 0

FIVE-YEAR HISTORICAL DATA

	1 2013	2 2012	3 2011	4 2010	5 2009
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	9,995,660	56,100,345	57,844,792	59,655,685	41,461,571
2. TOTAL Liabilities (Page 3, Line 24)	21,144,114	65,711,451	51,895,346	42,211,038	27,701,886
3. Statutory surplus	9,655,488	29,465,260	28,384,620	5,892,563	4,590,724
4. TOTAL Capital and Surplus (Page 3, Line 33)	(11,148,454)	(9,611,106)	5,949,445	17,444,647	13,759,685
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	116,801,168	398,256,303	383,743,178	296,733,067	229,536,215
6. TOTAL Medical and Hospital Expenses (Line 18)	108,667,208	359,550,135	346,596,401	265,859,387	214,573,261
7. Claims adjustment expenses (Line 20)	3,001,242	13,369,721	12,344,021	8,028,360	6,903,631
8. TOTAL Administrative Expenses (Line 21)	17,721,345	34,321,277	26,915,784	21,443,322	18,047,136
9. Net underwriting gain (loss) (Line 24)	(7,588,627)	(13,984,830)	(2,113,027)	1,401,998	(9,987,812)
10. Net investment gain (loss) (Line 27)	94,510	79,835	271,136	766,821	1,081,313
11. TOTAL Other income (Lines 28 plus 29)	4,625,366	(6,258,760)	(7,512,324)		154,829
12. Net income or (loss) (Line 32)	(2,868,751)	(20,163,755)	(9,354,215)	1,208,104	(5,469,949)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(9,650,133)	(15,627,226)	(8,714,165)	3,257,068	2,172,282
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	(11,148,454)	(9,611,106)	5,949,445	17,444,647	13,759,685
15. Authorized control level risk-based capital	4,827,749	14,732,630	14,192,310	10,894,674	9,053,105
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)		109,373	110,550	110,184	88,407
17. TOTAL Members Months (Column 6, Line 7)	418,165	1,315,078	1,325,230	1,216,493	1,025,122
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	92.6	90.3	90.3	89.6	93.5
20. Cost containment expenses	1.9	1.8	1.9	2.3	2.3
21. Other claims adjustment expenses	0.6	1.5	1.3	0.4	0.7
22. TOTAL Underwriting Deductions (Line 23)	106.0	103.5	100.6	99.5	104.4
23. TOTAL Underwriting Gain (Loss) (Line 24)	(6.5)	(3.5)	(0.6)	0.5	(4.4)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	59,064,630	39,690,676	33,588,164	29,619,354	23,563,824
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	47,889,416	39,795,081	26,738,549	21,730,893	21,254,320
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					
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 [] N/A [X]

If no, please explain::



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: DC Chartered Health Plan 2. LOCATION:

BUSINESS IN THE STATE OF DISTRICT OF COLUMBIA DURING THE YEAR

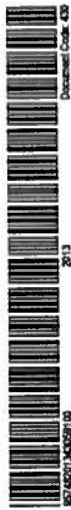
NAIC Group Code 0000

NAIC Company Code 95748

	1	2		3	4	5	6	7	8	9	10
	Comprehensive (Hospital & Medical)										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other	
TOTAL Members at end of:											
1. Prior Year	109,373		7,974						101,399		
2. First Quarter	103,357		7,012						96,355		
3. Second Quarter											
4. Third Quarter											
5. Current Year											
6. Current Year Member Months	418,155		28,580						388,475		
TOTAL Member Ambulatory Encounters for Year:											
7. Physician	158,147		13,077						145,070		
8. Non-Physician	72,217		7,090						65,127		
9. TOTAL	230,364		20,167						210,197		
10. Hospital Patient Days Incurred	8,732		83						8,639		
11. Number of Inpatient Admissions	2,396		23						2,373		
12. Health Premiums Written (b)	117,869,936		4,698,790						113,171,146		
13. Life Premiums Direct											
14. Property/Casualty Premiums Written											
15. Health Premiums Earned	117,869,936		4,698,790						113,171,146		
16. Property/Casualty Premiums Earned											
17. Amount Paid for Provision of Health Care Services	146,783,147		7,962,826						138,820,321		
18. Amount Incurred for Provision of Health Care Services	109,660,783		5,829,709						103,831,074		

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons insured under indemnity only products 0.

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 0



Document Code: 439

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: 2. LOCATION:
BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR

NAIC Group Code 0000	1			2			3			4			5			6			7			8			9			10		
	Total			Individual			Group			Medicare Supplement			Vision Only			Dental Only			Federal Employees Health Benefits Plan			Title XVIII Medicare			Title XIX Medicaid			Other		
TOTAL Members at end of:																														
1. Prior Year	109,373						7,974																		101,399					
2. First Quarter	103,367						7,012																		96,355					
3. Second Quarter																														
4. Third Quarter																														
5. Current Year																														
6. Current Year Member Months	418,165						28,690																		389,475					
TOTAL Member Ambulatory Encounters for Year:																														
7. Physician	158,147						13,077																		145,070					
8. Non-Physician	72,217						7,090																		66,127					
9. TOTAL	230,364						20,167																		210,197					
10. Hospital Patient Days Incurred	8,732						93																		8,639					
11. Number of Inpatient Admissions	2,396						23																		2,373					
12. Health Premiums Written (b)	117,869,936						4,698,790																		113,171,146					
13. Life Premiums Direct																														
14. Property/Casualty Premiums Written																														
15. Health Premiums Earned	117,869,936						4,698,790																		113,171,146					
16. Property/Casualty Premiums Earned																														
17. Amount Paid for Provision of Health Care Services	146,783,147						7,962,826																		138,820,321					
18. Amount Incurred for Provision of Health Care Services	109,660,763						5,829,709																		103,631,074					

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons insured under indemnity only products 0.
(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 0

SCHEDULE S - PART 1 - SECTION 2

Reinsurance Assumed Accident and Health Insurance Listed by Reinsured Company as of December 31, Current Year

1 NAIC Company Code	2 ID Number	3 Effective Date	4 Name of Reinsured	5 Domiciliary Jurisdiction	6 Type of Reinsurance Assumed	7 Premiums	8 Unearned Premiums	9 Reserve Liability Other Than for Unearned Premiums	10 Reinsurance Payable on Paid and Unpaid Losses	11 Modified Consurance Reserve	12 Funds Withheld Under Consurance
NONE											
9999999 Total (Sum of 0799999 and 1099999)											

SCHEDULE S - PART 2**Reinsurance Recoverable on Paid and Unpaid Losses Listed by
Reinsuring Company as of December 31, Current Year**

1 NAIC Company Code	2 ID Number	3 Effective Date	4 Name of Company	5 Domiciliary Jurisdiction	6 Paid Losses	7 Unpaid Losses
1199999 Total - Life and Annuity						
Accident and Health - Non-Affiliates - U.S. Non-Affiliates						
27855	36-2781080	10/01/2012	ZURICH AMER INS CO OF IL	IL	143,039	
1999999 Subtotal - Accident and Health - Non-Affiliates - U.S. Non-Affiliates						143,039
2199999 Total - Accident and Health - Non-Affiliates						143,039
2299999 Total - Accident and Health						143,039
2399999 Total U.S. (Sum of 0399999, 0899999, 1499999 and 1999999)						143,039
9999999 Total (Sum of 1199999 and 2299999)						143,039

SCHEDULE S - PART 3 - SECTION 2

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year												
1	2	3	4	5	6	7	8	9	10 Outstanding Surplus Relief		12	13
NAIC Company Code	ID Number	Effective Date	Name of Company	Domiciliary Jurisdiction	Type	Premiums	Unearned Premiums (Estimated)	Reserve Credit Taken Other than for Unearned Premiums	Current Year	Prior Year	Modified Coinsurance Reserve	Funds Withheld Under Insurance
General Account - Authorized - Non-Affiliates - U.S. Non-Affiliates												
27855	36-2781080	10/01/2012	ZURICH AMER INS CO OF IL	IL	SSLJUG	478,856						
0899999	Subtotal - General Account - Authorized - Non-Affiliates - U.S. Non-Affiliates					478,856						
1099999	Total - General Account - Authorized - Non-Affiliates					478,856						
1189999	Total - General Account Authorized					478,856						
3499999	Total - General Account - Authorized, Unauthorized and Certified					478,856						
5899999	Total - Separate Accounts - Unauthorized											
6699999	Total - Separate Accounts - Certified - Non-Affiliates											
6799999	Total - Separate Accounts - Certified											
6899999	Total - Separate Accounts - Authorized, Unauthorized and Certified											
6999999	Total U.S. (Sum of 0399999, 0899999, 1499999, 1999999, 2599999, 3099999, 3799999, 4299999, 4899999, 5399999, 5999999 and 6499999)					478,856						
9999999	Total (Sum of 3499999 and 6899999)					478,856						

34 Schedule S - Part 4 NONE

35 Schedule S - Part 5 NONE

SCHEDULE S - PART 6
Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2013	2 2012	3 2011	4 2010	5 2009
A. OPERATIONS ITEMS					
1. Premiums					123
2. Title XVIII-Medicare					
3. Title XIX - Medicaid	479	914	1,399	1,491	1,155
4. Commissions and reinsurance expense allowance					
5. TOTAL Hospital and Medical Expenses	823	619	702	806	
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable			225		
8. Reinsurance recoverable on paid losses	143	352	246	158	211
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances due					
11. Unauthorized reinsurance offset					
12. Offset for reinsurance with Certified Reinsurers			X X X	X X X	X X X
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
13. Funds deposited by and withheld from (F)					
14. Letters of credit (L)					
15. Trust agreements (T)					
16. Other (O)					
D. REINSURANCE WITH CERTIFIED REINSURERS (DEPOSITS BY AND FUNDS WITHHELD FROM)					
17. Multiple Beneficiary Trust			X X X	X X X	X X X
18. Funds deposited by and withheld from (F)			X X X	X X X	X X X
19. Letters of credit (L)			X X X	X X X	X X X
20. Trust agreements (T)			X X X	X X X	X X X
21. Other (O)			X X X	X X X	X X X

SCHEDULE S - PART 7

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 12)	9,852,622		9,852,622
2. Accident and health premiums due and unpaid (Line 15)			
3. Amounts recoverable from reinsurers (Line 16.1)	143,039	(143,039)	0
4. Net credit for ceded reinsurance	X X X	143,039	143,039
5. All other admitted assets (Balance)	0		0
6. TOTAL Assets (Line 28)	9,995,660	0	9,995,660
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1)	10,767,051		10,767,051
8. Accrued medical incentive pool and bonus payments (Line 2)			
9. Premiums received in advance (Line 8)			
10. Funds held under reinsurance treaties with authorized and unauthorized reinsurers (Line 19, first inset amount plus second Inset amount)			
11. Reinsurance in unauthorized companies (Line 20 minus inset amount)			
12. Reinsurance with Certified Reinsurers (Line 20 inset amount)			
13. Funds held under reinsurance treaties with Certified Reinsurers (Line 19 third inset amount)			
14. All other liabilities (Balance)	10,377,063		10,377,063
15. TOTAL Liabilities (Line 24)	21,144,114		21,144,114
16. TOTAL Capital and Surplus (Line 33)	(11,148,454)	X X X	(11,148,454)
17. TOTAL Liabilities, Capital and Surplus (Line 34)	9,995,660		9,995,660
NET CREDIT FOR CEDED REINSURANCE			
18. Claims unpaid			
19. Accrued medical incentive pool			
20. Premiums received in advance			
21. Reinsurance recoverable on paid losses	143,039		
22. Other ceded reinsurance recoverables			
23. TOTAL Ceded Reinsurance Recoverables	143,039		
24. Premiums receivable			
25. Funds held under reinsurance treaties with authorized and unauthorized reinsurers			
26. Unauthorized reinsurance			
27. Reinsurance with Certified Reinsurers			
28. Funds held under reinsurance treaties with Certified Reinsurers			
29. Other ceded reinsurance payables/offsets			
30. TOTAL Ceded Reinsurance Payables/Offsets			
31. TOTAL Net Credit for Ceded Reinsurance	143,039		

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

ALLOCATED BY STATES AND TERRITORIES

ALLOCATED BY STATES AND TERRITORIES									
Direct Business Only									
	1	2	3	4	5	6	7	8	9
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
	State, Etc.								
1.	Alabama (AL)	N							
2.	Alaska (AK)	N							
3.	Arizona (AZ)	N							
4.	Arkansas (AR)	N							
5.	California (CA)	N							
6.	Colorado (CO)	N							
7.	Connecticut (CT)	N							
8.	Delaware (DE)	N							
9.	District of Columbia (DC)	L	4,688,790	113,171,146				117,869,936	
10.	Florida (FL)	N							
11.	Georgia (GA)	N							
12.	Hawaii (HI)	N							
13.	Idaho (ID)	N							
14.	Illinois (IL)	N							
15.	Indiana (IN)	N							
16.	Iowa (IA)	N							
17.	Kansas (KS)	N							
18.	Kentucky (KY)	N							
19.	Louisiana (LA)	N							
20.	Maine (ME)	N							
21.	Maryland (MD)	N							
22.	Massachusetts (MA)	N							
23.	Michigan (MI)	N							
24.	Minnesota (MN)	N							
25.	Mississippi (MS)	N							
26.	Missouri (MO)	N							
27.	Montana (MT)	N							
28.	Nebraska (NE)	N							
29.	Nevada (NV)	N							
30.	New Hampshire (NH)	N							
31.	New Jersey (NJ)	N							
32.	New Mexico (NM)	N							
33.	New York (NY)	N							
34.	North Carolina (NC)	N							
35.	North Dakota (ND)	N							
36.	Ohio (OH)	N							
37.	Oklahoma (OK)	N							
38.	Oregon (OR)	N							
39.	Pennsylvania (PA)	N							
40.	Rhode Island (RI)	N							
41.	South Carolina (SC)	N							
42.	South Dakota (SD)	N							
43.	Tennessee (TN)	N							
44.	Texas (TX)	N							
45.	Utah (UT)	N							
46.	Vermont (VT)	N							
47.	Virginia (VA)	N							
48.	Washington (WA)	N							
49.	West Virginia (WV)	N							
50.	Wisconsin (WI)	N							
51.	Wyoming (WY)	N							
52.	American Samoa (AS)	N							
53.	Guam (GU)	N							
54.	Puerto Rico (PR)	N							
55.	U.S. Virgin Islands (VI)	N							
56.	Northern Mariana Islands (MP)	N							
57.	Canada (CAN)	N							
58.	Aggregate other alien (OT)	X X X							
59.	Subtotal	X X X	4,698,790	113,171,146				117,869,936	
60.	Reporting entity contributions for Employee Benefit Plans	X X X							
61.	TOTAL (Direct Business)	(a) 1	4,698,790	113,171,146				117,869,936	
DETAILS OF WRITE-INS									
5801.		X X X							
5802.		X X X							
5803.		X X X							
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X							
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X							

(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.

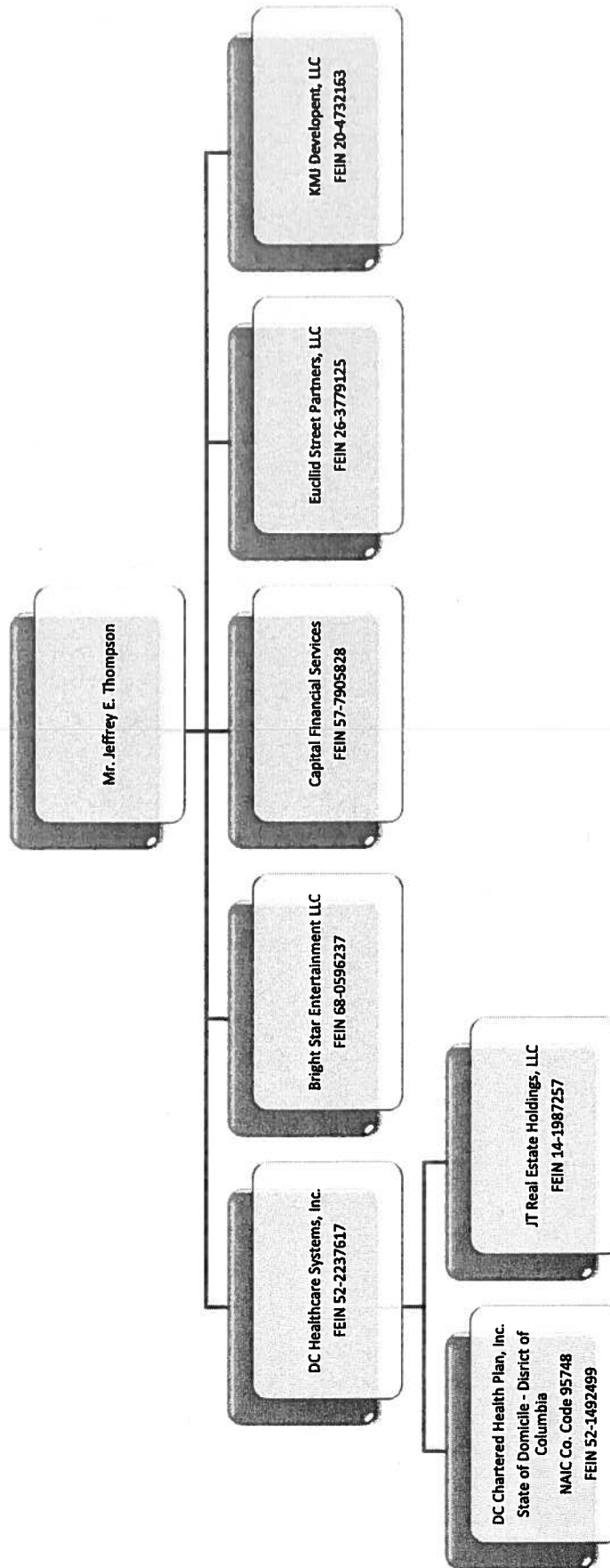
(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.: Situs of the Contract

SCHEDULE T - PART 2
INTERSTATE COMPACT - EXHIBIT OF PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES

Direct Business only						
States, Etc.	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	6 Totals
1. Alabama (AL)						
2. Alaska (AK)						
3. Arizona (AZ)						
4. Arkansas (AR)						
5. California (CA)						
6. Colorado (CO)						
7. Connecticut (CT)						
8. Delaware (DE)						
9. District of Columbia (DC)						
10. Florida (FL)						
11. Georgia (GA)						
12. Hawaii (HI)						
13. Idaho (ID)						
14. Illinois (IL)						
15. Indiana (IN)						
16. Iowa (IA)						
17. Kansas (KS)						
18. Kentucky (KY)						
19. Louisiana (LA)						
20. Maine (ME)						
21. Maryland (MD)						
22. Massachusetts (MA)						
23. Michigan (MI)						
24. Minnesota (MN)						
25. Mississippi (MS)						
26. Missouri (MO)						
27. Montana (MT)						
28. Nebraska (NE)						
29. Nevada (NV)						
30. New Hampshire (NH)						
31. New Jersey (NJ)						
32. New Mexico (NM)						
33. New York (NY)						
34. North Carolina (NC)						
35. North Dakota (ND)						
36. Ohio (OH)						
37. Oklahoma (OK)						
38. Oregon (OR)						
39. Pennsylvania (PA)						
40. Rhode Island (RI)						
41. South Carolina (SC)						
42. South Dakota (SD)						
43. Tennessee (TN)						
44. Texas (TX)						
45. Utah (UT)						
46. Vermont (VT)						
47. Virginia (VA)						
48. Washington (WA)						
49. West Virginia (WV)						
50. Wisconsin (WI)						
51. Wyoming (WY)						
52. American Samoa (AS)						
53. Guam (GU)						
54. Puerto Rico (PR)						
55. U.S. Virgin Islands (VI)						
56. Northern Mariana Islands (MP)						
57. Canada (CAN)						
58. Aggregate other alien (OT)						
59. TOTALS						

NONE

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



SCHEDULE Y **PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	FEDERAL RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Name of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies) / Person(s)	
0		0					JEFFREY EARL THOMPSON	DC	UIP	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		95748	52-1492499				DC CHARTERED HEALTH PLAN INC	DC	RE	DC HEALTHCARE SYSTEMS	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	14-1987257				JT Real Estate Holdings, LLC	DC	NIA	DC HEALTHCARE SYSTEMS	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	52-2237617				DC HEALTHCARE SYSTEMS	DC	UDP	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	52-1563500				THOMPSON COBB	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	68-0596237				BAZILLO & ASSOCIATES, PC	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	57-7905828				Bright Star Entertainment LLC	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	28-3778125				Capital Financial Services	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0	20-4732163				EUCLED STREET PARTNERS, LLC	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	
0		0					KMJ Development, LLC	DC	NIA	JEFFREY EARL THOMPSON	Ownership	100.0	JEFFREY EARL THOMPSON	

Asterisk	Explanation
0000001	Footnote

SCHEDULE Y **PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES**

1 NAIC Company Code	2 Federal ID Number	3 Names of Insurers and Parent, Subsidiaries or Affiliates	4 Shareholder Dividends	5 Capital Contributions	6 Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	7 Income/(Disburse- ments) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	8 Management Agreements and Service Contracts	9 Income/ (Disbursements) Incurred Under Reinsurance Agreements	10 •	11 Any Other Material Activity not in the Ordinary Course of the Insurer's Business	12 Totals	13 Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
.. 95748 ..	52-1482499 ..	DC CHARTERED HLTH PLAN INC	..	..	..	..	.. (1,472,128)	..	..	..	.. (1,472,128)	..
99999999 Control Totals	52-2237617 ..	DC HEALTHCARE SYSTEMS INC	..	..	..	..	.. 1,472,128	..	..	..	.. 1,472,128	..
									X X X			

Schedule Y Part 2 Explanation:

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

Response

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

- MARCH FILING**
1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1? See Explanation
 2. Will an actuarial opinion be filed by March 1? Waived
 3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1? See Explanation
 4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required by March 1? See Explanation
- APRIL FILING**
5. Will Management's Discussion and Analysis be filed by April 1? Yes
 6. Will the Supplemental Investment Risks Interrogatories be filed by April 1? Yes
 7. Will the Accident and Health Policy Experience Exhibit be filed by April 1? Yes
- JUNE FILING**
8. Will an audited financial report be filed by June 1? Yes
 9. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1? Yes
- AUGUST FILING**
10. Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1? Yes

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but it is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

- MARCH FILING**
11. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? No
 12. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC? No
 13. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC? No
 14. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? No
 15. Will the actuarial opinion on participating and non-participating policies as required in Interrogatories 1 and 2 on Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1? No
 16. Will the actuarial opinion on non-guaranteed elements as required in Interrogatory 3 to Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1? No
 17. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? No
 18. Will an approval from the reporting entity's state of domicile for relief related to the five-year rotation requirement for lead audit partner be filed electronically with the NAIC by March 1? No
 19. Will an approval from the reporting entity's state of domicile for relief related to the one-year cooling off period for Independent CPA be filed electronically with the NAIC by March 1? No
 20. Will an approval from the reporting entity's state of domicile for relief related to the Requirements for Audit Committees be filed electronically with the NAIC by March 1? No
- APRIL FILING**
21. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1? No
 22. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC? No
 23. Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC? No
 24. Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1? No
 25. Will the regulator only (non-public) Supplemental Health Care Exhibit's Allocation Report be filed with the state of domicile and the NAIC by April 1? No
- AUGUST FILING**
26. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1? No

Explanations:

1. DISB has approved an extension for filing - new deadline is March 21
- 2.
3. DISB has approved an extension for filing - new deadline is March 21
4. DISB has approved an extension for filing - new deadline is March 21
- 5.
- 6.
- 7.

Bar Codes:

Statement of Actuarial Opinion / Certification



Medicare Supplement Insurance Experience Exhibit



Health Life Supplement



Health Property / Casualty Supplement



Schedule SIS



Actuarial Opinion on Participating and Non-Participating Policies



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES (continued)

Statement of Non-Guaranteed Elements for Exhibit 5



95748201337000000

2013

Document Code: 370

Approval for Relief related to five-year rotation for lead Audit Partner



95748201322400000

2013

Document Code: 224

Approval for Relief related to Require. for Audit Committees



95748201322600000

2013

Document Code: 226

Health Life Supplement - LHA Guaranty Association Reconciliation



95748201321100000

2013

Document Code: 211

Supplemental Health Care Exhibit



95748201321600000

2013

Document Code: 216

Management's Report of Internal Control over Financial Reporting



95748201322300000

2013

Document Code: 223

Medicare Part D Coverage Supplement



95748201336500000

2013

Document Code: 365

Approval for Relief related to one-year cooling off period for Inde. CPA



95748201322500000

2013

Document Code: 225

LTC Supplemental Interrogatories



95748201330600000

2013

Document Code: 306

Health Property/Casualty Supplement - Insurance Expense Exhibit



95748201321300000

2013

Document Code: 213

Supplemental Health Care Exhibit's Expense Allocation Report



95748201321700000

2013

Document Code: 217

OVERFLOW PAGE FOR WRITE-INS

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1-2)	Net Admitted Assets
2504. ADVANCES - EMPLOYEE				
2597. Summary of remaining write-ins for Line 25 (Lines 2504 through 2596)				

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1	2	3
	Uncovered	Total	Total
2904. Write-off of Capital Lease Obligations		131,292	
2905. Write-off of Deferred Rent Liability		118,285	
2906. Write-off of Pledged Cardinal Bank Assets		(12,175,288)	
2907. Write-off Escheat		642,690	
2997. Summary of remaining write-ins for Line 29 (Lines 2904 through 2996)		(11,283,021)	

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
2504. ADVANCES - EMPLOYEE		250	250
2597. Summary of remaining write-ins for Line 25 (Lines 2504 through 2596)		250	250

SUMMARY INVESTMENT SCHEDULE

	Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
		1	2	3	4	5	6
		Amount	Percentage	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage
1.	Bonds:						
1.1	U.S. treasury securities						
1.2	U.S. government agency obligations (excluding mortgage-backed securities):						
1.21	Issued by U.S. government agencies						
1.22	Issued by U.S. government sponsored agencies						
1.3	Non-U.S. government (including Canada, excluding mortgage-backed securities)						
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
1.41	States, territories and possessions general obligations						
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations						
1.43	Revenue and assessment obligations						
1.44	Industrial development and similar obligations						
1.5	Mortgage-backed securities (includes residential and commercial MBS):						
1.51	Pass-through securities:						
1.511	Issued or Guaranteed by GNMA						
1.512	Issued or Guaranteed by FNMA and FHLMC						
1.513	All other						
1.52	CMOs and REMICs:						
1.521	Issued or guaranteed by GNMA, FNMA, FHLMC or VA						
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521						
1.523	All other						
2.	Other debt and other fixed income securities (excluding short term):						
2.1	Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)						
2.2	Unaffiliated Non-U.S. securities (including Canada)						
2.3	Affiliated securities						
3.	Equity interests:						
3.1	Investments in mutual funds						
3.2	Preferred stocks:						
3.21	Affiliated						
3.22	Unaffiliated						
3.3	Publicly traded equity securities (excluding preferred stocks):						
3.31	Affiliated						
3.32	Unaffiliated						
3.4	Other equity securities:						
3.41	Affiliated						
3.42	Unaffiliated						
3.5	Other equity interests including tangible personal property under lease:						
3.51	Affiliated						
3.52	Unaffiliated						
4.	Mortgage loans:						
4.1	Construction and land development						
4.2	Agricultural						
4.3	Single family residential properties						
4.4	Multifamily residential properties						
4.5	Commercial loans						
4.6	Mezzanine real estate loans						
5.	Real estate investments:						
5.1	Property occupied by company						
5.2	Property held for production of income (including \$.....0 of property acquired in satisfaction of debt)						
5.3	Property held for sale (including \$.....0 property acquired in satisfaction of debt)						
6.	Contract loans						
7.	Derivatives						
8.	Receivables for securities						
9.	Securities Lending (Line 10, Asset Page reinvested collateral)				XXX	XXX	XXX
10.	Cash, cash equivalents and short-term investments	9,852,622	100.000	9,852,622		9,852,622	100.000
11.	Other invested assets						
12.	Total invested assets	9,852,622	100.000	9,852,622		9,852,622	100.000

SCHEDULE A - VERIFICATION BETWEEN YEARS**Real Estate**

1.	Book/adjusted carrying value, December 31 of prior year		
2.	Cost of acquired:		
2.1	Actual cost at time of acquisition (Part 2, Column 6)		
2.2	Additional investment made after acquisition (Part 2, Column 9)		
3.	Current year change in encumbrances:		
3.1	Totals, Part 1, Column 13		
3.2	Totals, Part 3, Column 11		
4.	Total gain (loss) on disposals, Part 3, Column 18		
5.	Deduct amounts received on disposals, Part 3, Column 15		
6.	Total foreign exchange change in book/adjusted ca		
6.1	Totals, Part 1, Column 15		
6.2	Totals, Part 3, Column 13		
7.	Deduct current year's other-than-temporary impairment recognized:		
7.1	Totals, Part 1, Column 12		
7.2	Totals, Part 3, Column 10		
8.	Deduct current year's depreciation:		
8.1	Totals, Part 1, Column 11		
8.2	Totals, Part 3, Column 9		
9.	Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10.	Deduct total nonadmitted amounts		
11.	Statement value at end of current period (Lines 9 minus 10)		

NONE**SCHEDULE B - VERIFICATION BETWEEN YEARS****Mortgage Loans**

1.	Book value/recorded investment excluding accrued interest, December 31 of prior year		
2.	Cost of acquired:		
2.1	Actual cost at time of acquisition (Part 2, Column 7)		
2.2	Additional investment made after acquisition (Part 2, Column 8)		
3.	Capitalized deferred interest and other:		
3.1	Totals, Part 1, Column 12		
3.2	Totals, Part 3, Column 11		
4.	Accrual of discount		
5.	Unrealized valuation increase (decrease):		
5.1	Totals, Part 1, Column 9		
5.2	Totals, Part 3, Column 8		
6.	Total gain (loss) on disposals, Part 3, Column 18		
7.	Deduct amounts received on disposals, Part 3, Column 15		
8.	Deduct amortization of premium and mortgage inte		
9.	Total foreign exchange change in book value/recorded investment excluding accrued interest		
9.1	Totals, Part 1, Column 13		
9.2	Totals, Part 3, Column 13		
10.	Deduct current year's other-than-temporary impairment recognized:		
10.1	Totals, Part 1, Column 11		
10.2	Totals, Part 3, Column 10		
11.	Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12.	Total valuation allowance		
13.	Subtotal (Lines 11 plus 12)		
14.	Deduct total nonadmitted amounts		
15.	Statement value of mortgages owned at end of current period (Line 13 minus Line 14)		

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS**Other Long-Term Invested Assets**

1.	Book/adjusted carrying value, December 31 of prior year		
2.	Cost of acquired:		
2.1	Actual cost at time of acquisition (Part 2, Column 8)		
2.2	Additional investment made after acquisition (Part 2, Column 9)		
3.	Capitalized deferred interest and other:		
3.1	Totals, Part 1, Column 16		
3.2	Totals, Part 3, Column 12		
4.	Accrual of discount		
5.	Unrealized valuation increase (decrease):		
5.1	Totals, Part 1, Column 13		
5.2	Totals, Part 3, Column 9		
6.	Total gain (loss) on disposals, Part 3, Column 19		
7.	Deduct amounts received on disposals, Part 3, Column 7		
8.	Deduct amortization of premium and depreciation		
9.	Total foreign exchange change in book/adjusted carrying value:		
9.1	Totals, Part 1, Column 17		
9.2	Totals, Part 3, Column 14		
10.	Deduct current year's other-than-temporary impairment recognized:		
10.1	Totals, Part 1, Column 15		
10.2	Totals, Part 3, Column 11		
11.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12.	Deduct total nonadmitted amounts		
13.	Statement value at end of current period (Line 11 minus Line 12)		

NONE**SCHEDULE D - VERIFICATION BETWEEN YEARS****Bonds and Stocks**

1.	Book/adjusted carrying value, December 31 of prior year	13,479,364
2.	Cost of bonds and stocks acquired, Part 3, Column 7	500,000
3.	Accrual of Discount	
4.	Unrealized valuation increase (decrease):	
4.1	Part 1, Column 12	
4.2	Part 2, Section 1, Column 15	
4.3	Part 2, Section 2, Column 13	
4.4	Part 4, Column 11	
5.	Total gain (loss) on disposals, Part 4, Column 19	
6.	Deduction consideration for bonds and stocks disposed of, Part 4, Column 7	13,979,364
7.	Deduct amortization of premium	
8.	Total foreign exchange change in book/adjusted carrying value:	
8.1	Part 1, Column 15	
8.2	Part 2, Section 1, Column 19	
8.3	Part 2, Section 2, Column 16	
8.4	Part 4, Column 15	
9.	Deduct current year's other-than-temporary impairment recognized:	
9.1	Part 1, Column 14	
9.2	Part 2, Section 1, Column 17	
9.3	Part 2, Section 2, Column 14	
9.4	Part 4, Column 13	
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	0
11.	Deduct total nonadmitted amounts	
12.	Statement value at end of current period (Line 10 minus Line 11)	0

SCHEDULE D - SUMMARY BY COUNTRY**Long-Term Bonds and Stocks OWNED December 31 of Current Year**

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (including all obligations guaranteed by governments)	1. United States				
	2. Canada				
	3. Other Countries				
	4. Totals				
U.S. States, Territories and Possessions (Direct and guaranteed)	5. Totals				
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals				
U.S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals				
Industrial and Miscellaneous and Hybrid Securities (unaffiliated)	8. United States				
	9. Canada				
	10. Other Countries				
	11. Totals				
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds				
PREFERRED STOCKS					
Industrial and Miscellaneous (unaffiliated)	14. United States				
	15. Canada				
	16. Other Countries				
	17. Totals				
Parent, Subsidiaries and Affiliates	18. Totals				
	19. Total Preferred Stocks				
COMMON STOCKS					
Industrial and Miscellaneous (unaffiliated)	20. United States				
	21. Canada				
	22. Other Countries				
	23. Totals				
Parent, Subsidiaries and Affiliates	24. Totals				
	25. Total Common Stocks				
	26. Total Stocks				
	27. Total Bonds and Stocks				

NONE

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments								790,288	5.53		
1.1 NAIC 1											
1.2 NAIC 2											
1.3 NAIC 3											
1.4 NAIC 4											
1.5 NAIC 5											
1.6 NAIC 6											
1.7 TOTALS								790,288	5.53		
2. All Other Governments											
2.1 NAIC 1											
2.2 NAIC 2											
2.3 NAIC 3											
2.4 NAIC 4											
2.5 NAIC 5											
2.6 NAIC 6											
2.7 TOTALS											
3. U.S. States, Territories and Possessions etc., Guaranteed											
3.1 NAIC 1											
3.2 NAIC 2											
3.3 NAIC 3											
3.4 NAIC 4											
3.5 NAIC 5											
3.6 NAIC 6											
3.7 TOTALS											
4. U.S. Political Subdivisions of States, Territories & Possessions, Guaranteed											
4.1 NAIC 1											
4.2 NAIC 2											
4.3 NAIC 3											
4.4 NAIC 4											
4.5 NAIC 5											
4.6 NAIC 6											
4.7 TOTALS											
5. U.S. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed											
5.1 NAIC 1											
5.2 NAIC 2											
5.3 NAIC 3											
5.4 NAIC 4											
5.5 NAIC 5											
5.6 NAIC 6											
5.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Industrial and Miscellaneous (unaffiliated)											
6.1 NAIC 1								13,488,599	94.47		
6.2 NAIC 2											
6.3 NAIC 3											
6.4 NAIC 4											
6.5 NAIC 5											
6.6 NAIC 6											
6.7 TOTALS								13,488,599	94.47		
7. Hybrid Securities											
7.1 NAIC 1											
7.2 NAIC 2											
7.3 NAIC 3											
7.4 NAIC 4											
7.5 NAIC 5											
7.6 NAIC 6											
7.7 TOTALS											
8. Parent, Subsidiaries and Affiliates											
8.1 NAIC 1											
8.2 NAIC 2											
8.3 NAIC 3											
8.4 NAIC 4											
8.5 NAIC 5											
8.6 NAIC 6											
8.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
9. Total Bonds Current Year											
9.1 NAIC 1	(d)							XXX	XXX		
9.2 NAIC 2	(d)							XXX	XXX		
9.3 NAIC 3	(d)							XXX	XXX		
9.4 NAIC 4	(d)							XXX	XXX		
9.5 NAIC 5	(d)					(c)		XXX	XXX		
9.6 NAIC 6	(d)					(b)		XXX	XXX		
9.7 TOTALS							XXX	XXX	XXX		
9.8 Line 9.7 as a % of Column 6											
10. Total Bonds Prior Year								14,288,887	100.00	14,288,887	
10.1 NAIC 1	7,501,887	6,787,000				XXX	XXX				
10.2 NAIC 2						XXX	XXX				
10.3 NAIC 3						XXX	XXX				
10.4 NAIC 4						XXX	XXX				
10.5 NAIC 5						XXX	XXX				
10.6 NAIC 6						XXX	XXX				
10.7 TOTALS	7,501,887	6,787,000				XXX	XXX	14,288,887	100.00	14,288,887	
10.8 Line 10.7 as a % of Col. 8	52.50	47.50				XXX	XXX	100.00	XXX	100.00	
11. Total Publicly Traded Bonds								14,288,887	100.00		XXX
11.1 NAIC 1											XXX
11.2 NAIC 2											XXX
11.3 NAIC 3											XXX
11.4 NAIC 4											XXX
11.5 NAIC 5											XXX
11.6 NAIC 6											XXX
11.7 TOTALS							XXX	14,288,887	100.00		XXX
11.8 Line 11.7 as a % of Col. 6							XXX	XXX	XXX		XXX
11.9 Line 11.7 as a % of Line 9.7, Col. 6, Section 9											XXX
12. Total Privately Placed Bonds										XXX	
12.1 NAIC 1										XXX	
12.2 NAIC 2										XXX	
12.3 NAIC 3										XXX	
12.4 NAIC 4										XXX	
12.5 NAIC 5										XXX	
12.6 NAIC 6										XXX	
12.7 TOTALS							XXX	XXX	XXX	XXX	
12.8 Line 12.7 as a % of Col. 6							XXX	XXX	XXX	XXX	
12.9 Line 12.7 as a % of Line 9.7, Col. 6, Section 9											

(a) Includes \$.....0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$.....0 prior year of bonds with Z designations and \$.....0 current year. \$.....0 prior year of bonds with Z designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$.....0 prior year of bonds with 5' designations and \$.....0 current year. \$.....0 prior year of bonds with 5' designations. "5" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

(d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

	1	2	3	4	5	6	7	8	9	10	11
	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Column 6 as a % of Line 9.5	Total From Column 6 Prior Year	% From Column 7 Prior Year	Total Publicly Traded	Total Priority Placed
1. U.S. Governments											
1.1 Issuer Obligations											
1.2 Residential Mortgage-Backed Securities								790,288	5.53		
1.3 Commercial Mortgage-Backed Securities											
1.4 Other Loan-Backed and Structured Securities											
1.5 Totals								790,288	5.53		
2. All Other Governments											
2.1 Issuer Obligations											
2.2 Residential Mortgage-Backed Securities											
2.3 Commercial Mortgage-Backed Securities											
2.4 Other Loan-Backed and Structured Securities											
2.5 Totals											
3. U.S. States, Territories and Possessions, Guaranteed											
3.1 Issuer Obligations											
3.2 Residential Mortgage-Backed Securities											
3.3 Commercial Mortgage-Backed Securities											
3.4 Other Loan-Backed and Structured Securities											
3.5 Totals											
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Issuer Obligations											
4.2 Residential Mortgage-Backed Securities											
4.3 Commercial Mortgage-Backed Securities											
4.4 Other Loan-Backed and Structured Securities											
4.5 Totals											
5. U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
5.1 Issuer Obligations											
5.2 Residential Mortgage-Backed Securities											
5.3 Commercial Mortgage-Backed Securities											
5.4 Other Loan-Backed and Structured Securities											
5.5 Totals											
6. Industrial and Miscellaneous								13,488,599	94.47		
6.1 Issuer Obligations											
6.2 Residential Mortgage-Backed Securities											
6.3 Commercial Mortgage-Backed Securities											
6.4 Other Loan-Backed and Structured Securities											
6.5 Totals								13,488,599	94.47		
7. Hybrid Securities											
7.1 Issuer Obligations											
7.2 Residential Mortgage-Backed Securities											
7.3 Commercial Mortgage-Backed Securities											
7.4 Other Loan-Backed and Structured Securities											
7.5 Totals											
8. Parent, Subsidiaries and Affiliates											
8.1 Issuer Obligations											
8.2 Residential Mortgage-Backed Securities											
8.3 Commercial Mortgage-Backed Securities											
8.4 Other Loan-Backed and Structured Securities											
8.5 Totals											

SCHEDULE D - PART 1A - SECTION 2 (Continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type		1	2	3	4	5	6	7	8	9	10	11
		1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Column 6 as a % of Line 9.5	Total From Column 6 Prior Year	% From Column 7 Prior Year	Total Publicly Traded	Total Privately Placed
9.	Total Bonds Current Year											
9.1	Issuer Obligations											
9.2	Residential Mortgage-Backed Securities											
9.3	Commercial Mortgage-Backed Securities											
9.4	Other Loan-Backed and Structured Securities											
9.5	Totals											
9.6	Line 9.5 as a % of Col. 6											
10.	Total Bonds Prior Year											
10.1	Issuer Obligations	7,501,887	6,787,000						14,288,887	100.00	14,288,887	
10.2	Residential Mortgage-Backed Securities											
10.3	Commercial Mortgage-Backed Securities											
10.4	Other Loan-Backed and Structured Securities											
10.5	Totals	7,501,887	6,787,000						14,288,887	100.00	14,288,887	
10.6	Line 10.5 as a % of Col. 8	52.50	47.50						100.00		100.00	
11.	Total Publicly Traded Bonds											
11.1	Issuer Obligations											
11.2	Residential Mortgage-Backed Securities											
11.3	Commercial Mortgage-Backed Securities											
11.4	Other Loan-Backed and Structured Securities											
11.5	Totals											
11.6	Line 11.5 as a % of Col. 6											
11.7	Line 11.5 as a % of Line 9.5, Col. 6, Section 9											
12.	Total Privately Placed Bonds											
12.1	Issuer Obligations											
12.2	Residential Mortgage-Backed Securities											
12.3	Commercial Mortgage-Backed Securities											
12.4	Other Loan-Backed and Structured Securities											
12.5	Totals											
12.6	Line 12.5 as a % of Col. 6											
12.7	Line 12.5 as a % of Line 9.5, Col. 6, Section 9											

SCHEDULE DA - VERIFICATION BETWEEN YEARS**Short-Term Investments**

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year	809,524	809,524			
2. Cost of short-term investments acquired	1,183,794	1,183,794			
3. Accrual of discount					
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals	1,983,317	1,983,317			
6. Deduct consideration received on disposals					
7. Deduct amortization of premium					
8. Total foreign exchange charge in book/adjusted carrying value					
9. Deduct current year's other-than-temporary impairment recognized					
10. Book adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	0	0			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	0	0			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment

SI11 Schedule DB Part A Verification NONE

SI11 Schedule DB Part B Verification NONE

SI12 Schedule DB Part C Sn 1 - Rep. (Syn Asset) Transactions NONE

SI13 Schedule DB Part C Sn 2 - Rep. (Syn Asset) Transactions NONE

SI14 Schedule DB Verification NONE

SCHEDULE E - VERIFICATION BETWEEN YEARS**(Cash Equivalents)**

	1	2	3
	Total	Bonds	Other (a)
1. Book/adjusted carrying value, December 31 of prior year	10,225,639	10,225,639	
2. Cost of cash equivalents acquired	2,157,015,255	2,157,015,255	
3. Accrual of discount			
4. Unrealized valuation increase (decrease)			
5. Total gain (loss) on disposals			
6. Deduct consideration received on disposals	2,181,098,240	2,181,098,240	
7. Deduct amortization of premium			
8. Total foreign exchange change in book/adjusted carrying value			
9. Deduct current year's other-than-temporary impairment recognized			
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	6,142,654	6,142,654	
11. Deduct total nonadmitted amounts			
12. Statement value at end of current period (Lines 10 minus 11)	6,142,654	6,142,654	

(a) Indicate the category of such investments, for example, joint ventures, transportation equipment:

E01 Schedule A - Part 1 Real Estate Owned NONE

E02 Schedule A - Part 2 Real Estate Acquired NONE

E03 Schedule A - Part 3 Real Estate Disposed NONE

E04 Schedule B Part 1 - Mortgage Loans Owned NONE

E05 Schedule B Part 2 - Mortgage Loans Acquired NONE

E06 Schedule B Part 3 - Mortgage Loans Disposed NONE

E07 Schedule BA Part 1 - Long-Term Invested Assets Owned NONE

E08 Schedule BA Part 2 - Long-Term Invested Assets Acquired NONE

E09 Schedule BA Part 3 - Long-Term Invested Assets Disposed NONE

E10 Schedule D - Part 1 LT Bonds Owned NONE

E11 Schedule D - Part 2 Sn 1 Prfrd Stocks Owned NONE

E12 Schedule D - Part 2 Sn 2 Common Stocks Owned NONE

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
	Bonds - Industrial and Miscellaneous (Unaffiliated)							
	Everbank/Jacksonville FL		01/09/2013	Cardinal Bank	X X X	250,000	250,000	
	Synovus Bank GA		01/17/2013	Cardinal Bank	X X X	250,000	250,000	
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					500,000	500,000	
8399997	Subtotal - Bonds - Part 3					500,000	500,000	
9899999	Subtotal - Bonds					500,000	500,000	
9899999	Subtotal - Preferred and Common Stocks						X X X	
9999999	Totals					500,000	X X X	

SCHEDULE D - PART 4

Showing All Long-Term Bonds and Stocks Sold, Redeemed, or Otherwise Disposed of During Current Year

SHOWING ALL LONG-TERM BONDS AND OTHERS SOLD, REDEEMED, OR OTHERWISE NOT SOLD DURING CURRENT YEAR.																								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21				
CUSIP Identification	Description	F	O	R	I	D	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Per Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year (Amortization)/Accretion	Other-Than-Temporary Impairment Recognized	Total Foreign Exchange Change in B.A.C.V.	Total Foreign Exchange Change in B.A.C.V.	Book/Adjusted Value at Disposal	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Sold/Contractual Maturity Date
Bonds - Industrial and Miscellaneous (Unaffiliated)																								
.....	The First, NA	02/05/2013	.....	.....	.....	.....	02/05/2013	Maturity	XXX	94,068	100,000	94,068	94,068	.....	.....	.....	.....	.....	94,068	.....	.....	.....	5,832	02/05/2013
.....	Esau Bank & Trust	02/12/2013	.....	.....	.....	.....	02/12/2013	Maturity	XXX	153,000	153,000	153,000	153,000	.....	.....	.....	.....	.....	153,000	.....	.....	.....	1,311	02/12/2013
.....	Farmers Bank	02/25/2013	.....	.....	.....	.....	02/25/2013	Maturity	XXX	100,000	100,000	100,000	100,000	.....	.....	.....	.....	.....	100,000	.....	.....	.....	289	02/25/2013
.....	Hershe Bank & Trust Co	02/25/2013	.....	.....	.....	.....	02/25/2013	Maturity	XXX	150,000	150,000	150,000	150,000	.....	.....	.....	.....	.....	150,000	.....	.....	.....	1,446	02/25/2013
.....	ISB Community Bank	02/25/2013	.....	.....	.....	.....	02/25/2013	Maturity	XXX	150,000	150,000	150,000	150,000	.....	.....	.....	.....	.....	150,000	.....	.....	.....	757	02/25/2013
.....	Bloomfield State Bank	02/18/2013	.....	.....	.....	.....	02/18/2013	Maturity	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	2,866	02/18/2013
.....	ALLIANCE BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,463	05/15/2013
.....	ALLIANCE BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	227,258	227,258	227,258	227,258	.....	.....	.....	.....	.....	227,258	.....	.....	.....	1,088	05/15/2013
.....	ALLIANCE BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,463	05/15/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	245,000	245,000	245,000	245,000	.....	.....	.....	.....	.....	245,000	.....	.....	.....	6,067	05/15/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,883	05/15/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	1,250	04/15/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	975	01/20/2015
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	968	07/03/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	5,976	12/11/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	1,092	07/26/2014
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	6,064	08/08/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	5,107	07/22/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	4,518	08/08/2014
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	2,128	04/21/2014
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,118	06/26/2015
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	1,670	02/17/2015
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	866	03/26/2014
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	416	07/03/2015
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	1,623	09/04/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,017	03/04/2014
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	2,573	06/17/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	18,161	10/02/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,653	11/14/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	1,868	05/28/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,226	06/22/2015
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,071	04/05/2015
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	22,387	12/04/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	248,000	248,000	248,000	248,000	.....	.....	.....	.....	.....	248,000	.....	.....	.....	3,687	08/02/2014
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,655	08/05/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	2,877	06/16/2014
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,444	11/14/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,430	07/04/2014
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	12,767	05/22/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	1,844	09/12/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	523	03/26/2015
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,360	08/18/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	5,535	12/11/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	7,960	11/12/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	2,412	12/01/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	4,055	12/15/2014
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	3,964	03/04/2014
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	12,335	05/10/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	629	01/20/2015
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	9,726	08/09/2013
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	2,725	04/04/2014
.....	AMERICAN BANK	05/15/2013	.....	.....	.....	.....	05/15/2013	Sell	XXX	250,000	250,000	250,000	250,000	.....	.....	.....	.....	.....	250,000	.....	.....	.....	7,381	08/02/2013

E15	Schedule D - Part 5 LT Bonds/Stocks Acquired/Disp	NONE
E16	Schedule D - Part 6 Sn 1	NONE
E16	Schedule D - Part 6 Sn 2	NONE
E17	Schedule DA - Part 1 Short-Term Investments Owned	NONE
E18	Schedule DB - Part A Sn 1 Opt/Cap/Floors/Collars/Swaps/Forwards Open	NONE
E19	Schedule DB - Part A Sn 2 Opt/Cap/Floors/Collars/Swaps/Forwards Term. ...	NONE
E20	Schedule DB - Part B Sn 1 Futures Contracts Open	NONE
E21	Schedule DB - Part B Sn 2 Futures Contracts Terminated	NONE
E22	Schedule DB - Part D Sn 1 Counterparty Exposure for Derivative Instruments .	NONE
E23	Schedule DB - Part D Sn 2 - Collateral Pledged By Reporting Entity	NONE
E23	Schedule DB - Part D Sn 2 - Collateral Pledged To Reporting Entity	NONE
E24	Schedule DL - Part 1 - Securities Lending Collateral Assets	NONE
E25	Schedule DL - Part 2 - Securities Lending Collateral Assets	NONE

SCHEDULE E - PART 1 - CASH

1		2	3	4	5	6	7
Depository		Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
open depositories							
CARDINAL BANK - GENERAL CHECKING	WASHINGTON DC					3,013,662	X X X
CARDINAL BANK - MEDCLMS	WASHINGTON DC					4,273	X X X
CARDINAL BANK - ALLIANCE CLAIMS	WASHINGTON DC					68,066	X X X
CARDINAL BANK - MH CLAIMS	WASHINGTON DC					339,578	X X X
BANK OF AMERICA - PAYROLL	WASHINGTON DC					286,369	X X X
0199999 Deposits in	3 depositories that do not exceed the allowable limit in any one depository (See		X X X	573			X X X
Instructions) - open depositories			X X X	573		3,709,968	X X X
0199999 Totals - Open Depositories			X X X	573		3,709,968	X X X
0299999 Deposits in	0 depositories that do not exceed the allowable limit in any one depository (See		X X X				X X X
Instructions) - suspended depositories			X X X				X X X
0299999 Totals - Suspended Depositories			X X X				X X X
0399999 Total Cash On Deposit			X X X	573		3,709,968	X X X
0499999 Cash in Company's Office			X X X	X X X	X X X		X X X
0599999 Total Cash			X X X	573		3,709,968	X X X

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	(3,747,648)	4. April	15,504,817	7. July	19,091,822	10. October	3,923,561
2. February	(8,606,151)	5. May	19,758,847	8. August	18,266,578	11. November	4,106,320
3. March	(3,269,317)	6. June	18,958,608	9. September	3,377,828	12. December	3,709,968

SCHEDULE E - PART 2 - CASH EQUIVALENTS **Show Investments Owned December 31 of Current Year**

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
Sweep Accounts							
CASH-CARDINAL BANK MEDICAID REPO		12/31/2013	0.002	01/01/2014	6,142,654		15,531
9499989 Subtotal - Sweep Accounts					6,142,654		15,531
8699999 Total Cash Equivalents					6,142,654		15,531

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

	1 States, Etc.	2 Type of Deposit	3 Purpose of Deposit	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
				3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1.	Alabama (AL)						
2.	Alaska (AK)						
3.	Arizona (AZ)						
4.	Arkansas (AR)						
5.	California (CA)						
6.	Colorado (CO)						
7.	Connecticut (CT)						
8.	Delaware (DE)						
9.	District of Columbia (DC)						
10.	Florida (FL)						
11.	Georgia (GA)						
12.	Hawaii (HI)						
13.	Idaho (ID)						
14.	Illinois (IL)						
15.	Indiana (IN)						
16.	Iowa (IA)						
17.	Kansas (KS)						
18.	Kentucky (KY)						
19.	Louisiana (LA)						
20.	Maine (ME)						
21.	Maryland (MD)						
22.	Massachusetts (MA)						
23.	Michigan (MI)						
24.	Minnesota (MN)						
25.	Mississippi (MS)						
26.	Missouri (MO)						
27.	Montana (MT)						
28.	Nebraska (NE)						
29.	Nevada (NV)						
30.	New Hampshire (NH)						
31.	New Jersey (NJ)						
32.	New Mexico (NM)						
33.	New York (NY)						
34.	North Carolina (NC)						
35.	North Dakota (ND)						
36.	Ohio (OH)						
37.	Oklahoma (OK)						
38.	Oregon (OR)						
39.	Pennsylvania (PA)						
40.	Rhode Island (RI)						
41.	South Carolina (SC)						
42.	South Dakota (SD)						
43.	Tennessee (TN)						
44.	Texas (TX)						
45.	Utah (UT)						
46.	Vermont (VT)						
47.	Virginia (VA)						
48.	Washington (WA)						
49.	West Virginia (WV)						
50.	Wisconsin (WI)						
51.	Wyoming (WY)						
52.	American Samoa (AS)						
53.	Guam (GU)						
54.	Puerto Rico (PR)						
55.	U.S. Virgin Islands (VI)						
56.	Northern Mariana Islands (MP)						
57.	Canada (CAN)						
58.	Aggregate Alien and Other (OT)	XXX	XXX				
59.	Total	XXX	XXX				
DETAILS OF WRITE-INS							
5801.							
5802.							
5803.							
5898.	Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX				
5899.	Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	XXX				

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EXHIBIT 3

[Chartered Receivership Letterhead]

Date of Determination: _____, 2014

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

<Mr. Mrs.> <first name><last name>
<address>

Re: Notice of Determination
POC #_____

Dear _____:

This Notice of Determination of Claim ("Determination") concerns your Proof of Claim filed last year with the Rehabilitator of D.C. Chartered Health Plan, Inc.

The Proof of Claim you submitted has been reviewed. Your claim filed <date of POC> has been <accepted rejected> in the amount of <amount of POC> and as a class () priority for the following reasons:

<reasons>

If you disagree with this Determination, your objection(s) on the enclosed objection form must be filed with the Special Deputy Rehabilitator at the following address within 60 days from the date of this Determination:

Attn: Objection to Determination
Special Deputy Rehabilitator
[Insert Address]

If you choose to file an objection, and the Special Deputy Rehabilitator does not alter the Determination as a result of the objection, you will at that time be advised of further appeal procedures available in court.

If no objection is received by the Special Deputy Rehabilitator within 60 days from the date of this Determination, you may not further object to the Determination.

Please note that the above determination of your claim amount is not a guarantee of payment. Payments are subject to the availability of funds and will be made in accordance with the court-approved Reorganization Plan in the following priority order:

- | | |
|---------|--|
| Class 1 | The costs and expenses of administration during rehabilitation. |
| Class 2 | Claims of enrollees' or enrollees' beneficiaries. |
| Class 3 | Claims of providers who are obligated by law or agreement to hold enrollees harmless from liability for services pursuant to and covered by Chartered. |
| Class 4 | Claims of the federal or any state or local government. |
| Class 5 | Reasonable compensation to employees. |
| Class 6 | Claims of general creditors. |
| Class 7 | Claims filed late and any other claims other than claims falling within Classes 8 and 9. |
| Class 8 | Surplus or contribution notes, or similar obligations. |
| Class 9 | Claims of shareholders or other owners in their capacity as shareholders. |

Complete information regarding Chartered's rehabilitation is available at <http://disb.dc.gov/node/344592>.

Please verify that the name and address above are still correct. Remember you must advise the Special Deputy Rehabilitator of any change of address.

Daniel L. Watkins
Special Deputy Rehabilitator

EXHIBIT 4

NINTH SUBMISSION FOR *IN-CAMERA* REVIEW

INVOICE #	PERIOD ENDING	NAME	FEES	EXPENSES	TOTAL
<i>Through January 31, 2014</i>					
11916	1/31/2014	Daniel L. Watkins	\$ 21,975.00	\$ 1,193.87	\$ 23,168.87
38001360	1/31/2014	Faegre Baker Daniels	\$ 90,172.00	\$ 4,571.10	\$ 94,743.10
38001359	1/31/2014	Faegre Baker Daniels	\$ 8,556.50		\$ 8,556.50
13954	1/31/2014	Scribner Hall	\$ 17,500.00		\$ 17,500.00
2496021	11/30/2013	Reed Smith		\$ 390.00	\$ 390.00
2519106	1/31/2014	Reed Smith	\$ 2,183.00	\$ 0.45	\$ 2,183.45
42-45	1/31/2014	Francis Smith, Esquire PLLC	\$ 925.00		\$ 925.00
1554522	1/31/2014	Troutman Sanders LLP	\$ 5,723.00	\$ 290.55	\$ 6,013.55
					<u>\$ 153,480.47</u>
8058		DH Lloyd & Associates	\$ 30,106.00		\$ 30,106.00